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NON-PROFIT COMPANY'S PROPOSAL:

Paid-Up Group A&S For Unemployed Plan Urged On New York Insurers

Reaction To Plan Mixed,
But Big Question Asked:
'Will Employer Pay Bill?'

BY WILLIAM MACFARLANE

Although private health insurance people haven't yet had the chance to study the actual proposal put forward by Group Health Insurance Inc. for a paid-up group health insurance plan for the unemployed in New York state, their reaction to what they have seen so far has been varied, though somewhat guarded. Comment on the proposal, the details of which are reported in the adjoining column, ranged from agreement with GHI that there is real need for more coverage in this area to the complaint that any state legislation of the type required by the proposal would represent just another example of government infringement on individual rights.

Has Sent 'Feelers'

John H. Lotz, vice-president of GHI, at the press conference called at GHI's home office in New York to put forward the non-profit health insurer's proposal, said that his organization had sent "feelers" throughout the insurance industry before the proposal was introduced. Here, again, the reaction was decidedly mixed.

The one question which kept recurring when association and insurance company people were queried by THE NATIONAL UNDERWRITER was, "Will em-
(CONTINUED ON PAGE 23)

State Fund To Serve As Cushion During Periods Of High Unemployment

NEW YORK—A proposal for paid-up group health insurance coverage for the unemployed in New York State, one that would require the cooperation of voluntary insurance companies and the state through its insurance department, was made at a press conference here by Group Health Insurance Inc., one of the oldest non-profit health plans in the northeast.

The GHI proposal would include all private insurers, Blue Cross, Blue Shield and other non-profit plans licensed in the state. Although introduced for use in New York, other states would be expected to follow suit if the plan became a reality and was carried through. As conceived by GHI, the plan would offer employed

(CONTINUED ON PAGE 23)

Urge MDRT To Take Vigorous Role In Fight On Replacement

BAL HARBOUR, Fla.—Blaming what he termed the "something for nothing" attitude in American life for many of the troubles of the life insurance business, including the replacement trend, President Deane C. Davis of National Life of Vermont expressed the hope that the Million Dollar Round Table will cooperate with all legitimate efforts to cure the replacement problem.

Mr. Davis spoke Wednesday at the annual meeting of the Round Table here. A traditional feature of the Round Table annual meetings is a talk by the president of the company of the MDRT chairman, who this year is James B. Irvine Jr., Chattanooga.

"We of the life insurance business have been the victims of the 'something for nothing' philosophy," said Mr. Davis. "We have far too often, chosen the easy way. Companies have too often gone 'high, wide and handsome' in the prescription of group limits. It is the easy way. Too many agents have entered into an unholly alliance with security dealers and mutual funds companies. It is the easy way.

"Too many agents have become financed-insurance specialists. It is the easy way. Too many agents are practicing cannibalism. It is the easy way—and they like the taste of fresh meat. So I say the causes of our trouble lie



Deane C. Davis

May Ordinary Sales Gain \$183 Million; Record Total Sales

Ordinary sales in May amounted to \$4,807,000,000, a gain of \$183 million, and total sales for the month reached \$6,595,000,000, a 4% increase and a record, according to LIAMA. Ordinary sales for the first five months were \$21,649,000,000, up \$175 million, and total sales for the five-month period were \$32,549,000,000, an increase of \$2,742,000,000. Ordinary figures include \$209 million in the first five months of 1961 and \$317 million in the five months of 1960 in individual policies written on groups of persons.

May group sales amounted to \$1,111,000,000, a \$58 million gain, and during the five months totaled \$7,952,000,000, an increase of \$2,566,000. Group sales figures represent new groups set up and additional coverage under amended group contracts already in force.

Industrial sales in May were \$677 million, a gain of \$1 million, and in the five month period totaled \$2,948,000,000, also up \$1 million.

both without and within our own business. Current social and political philosophy has set the background, and we have already been swept too far with the tide. It is easier to swim with the current than against it."

The life insurance business, Mr. Davis warned, can't afford to wait for divine intervention to set its own house in order.

"I have an uncomfortable feeling,"

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MDRT To Seek Curb On Use Of 'Million' In Names Of Clubs

Wrong Impression Given To Public, Chairman Irvine Tells 800 At Fla. Meeting

By ROBERT B. MITCHELL

To forestall misunderstanding on the part of the public, the Million Dollar Round Table plans to seek the cooperation of a group of life companies, including the 10 with the largest repre-



James B. Irvine Jr.



Lester A. Rosen

sentation in the MDRT, to take the lead in "clearing up the confusion that is being brought about in the minds of the public as a result of the indiscriminate advertisements of so-called million dollar producers and company production clubs which employ names so closely akin to the Million Dollar Round Table that it tends to make the public get the idea that almost every agent is a member of 'that Million Dollar Club.'"

The decision, on a matter that has been under study by the MDRT public relations committee for some time, was (CONTINUED ON PAGE 17)



Members of the 1962 Million Dollar Round Table executive committee, elected this week at the MDRT annual meeting in Bal Harbour, Fla. From left, Iram H. Brewster, Phoenix Mutual Life, Pittsburgh, the new member of the committee; James B. Irvine Jr., National Life of Vermont, Chattanooga, chairman of the 1961 Round Table, who will continue on the 1962 committee as immediate past chairman; Lester A. Rosen, Union Central Life, Memphis, the 1962 chairman; Daniel H. Coakley, New York Life, Boston, the 1962 vice-chairman, and Alfred J. Lewallen, Mutual Benefit Life, Miami, who was reelected to the executive committee. The new executive committee will take office next Nov. 1, the start of the 1962 Round Table year.

Financed Insurance Is Basis For Strong Warning And Call To Arms

The highly controversial subject of financed life insurance brought from one speaker at the Million Dollar Round Table annual meeting at Bal Harbour, Fla., a suggested set of safeguards to use in connection with this form of coverage and from another speaker an exhortation to get busy and protect the interest deduction right, since it may be jeopardized because of Treasury Department attacks on use of the interest deduction in financed insurance.

The speakers were William J. Casey, New York lawyer, writer and tax authority, and John O. Todd, Northwestern Mutual Life, Evanston, Ill., a past chairman of the MDRT.

Offers Set Of Rule

After pointing out the various hazards of financed life insurance, including the loss the insured would suffer if Congress should remove the tax advantage, Mr. Casey offered this set of rules for the agent who wants to protect himself and his industry against harmful repercussions:

1. Don't sell financed insurance unless there is an existing and clearly demonstrable need for the protection it affords. This means that the insurance sold should not exceed the amount of a definite and reasonable future liability, such as estate taxes,

the amount of capital needed to produce a minimum family income, etc.

2. Don't sell financed insurance unless insurance protection and not the tax advantage is the primary motivation.

3. Don't sell financed insurance unless the amount of insurance and the annual financial obligations are reasonably related to the present and prospective income of the buyer in line with sound underwriting practice.

4. Don't sell financed insurance in excess of \$100,000 unless the insured is prepared to pursue a definite program of acquiring other investment assets with which to balance off the loan. (Mr. Casey said he used the \$100,000

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2nd McNerney Report:

Michigan Patients Getting Costlier But Better Health Care

The cost per person of hospitalization in Michigan increased an amount equivalent to an additional 2½ hours of work each year for a factory worker from 1950 to 1958, the second report of the University of Michigan survey on hospital and medical economics has revealed. However, the average worker received better hospital care, regained his health faster and lived longer.

The first of three reports on the survey, which was directed by Prof. Walter J. McNerney, was published in an earlier issue of THE NATIONAL UNDERWRITER. The second report, while dealing largely with the need for more hospital and training facilities, takes note of high hospital costs, which it said, are generally associated with greater depth and scope of patient services.

The research team urged government and voluntary prepayment plans to develop better standards for distinguishing between hospitals on this basis for payment purposes. It said: "Hospitals should make every effort to document the relationship (between higher costs and better services) more conclusively to combat the dangerous tendency on the part of some purchasers of care to associate low cost

with efficiency of operation."

The researchers suggested that hospitals use more precise accounting and cost analysis systems in order to relate all their charges to the costs of services rendered. It was noted that cost analyses of this nature in Connecticut and Rhode Island had enabled hospitals there to improve significantly the financial aspects of their operations.

"Sound accounting and statistical methods are needed to make fiscal problems explicit, to insure equity among purchasers of hospital and medical care, and between providers and purchasers of care, to give evidence to the public that the expenditure of funds is under control, and to plan future programs intelligently," the McNerney group declared.

List Of Events For LOMA Annual Meet

The program is shaping up for the annual conference of Life Office Management Assn. at the Shoreham Hotel in Washington, D. C., Sept. 25-27.

The session Monday morning will open with speeches by LOMA President Merrill R. Tabor, 1st vice-president of Berkshire Life; Paul G. Hoffman, managing director of the United Nations Special Fund, and Howard W. Kacy, president of Acacia Mutual Life.

Monday afternoon the personnel administration committee will conduct a discussion on improving personnel productivity. The eastern, mid-central, north central and southern planning committees will hold sessions on quality control of system input, procedures for handling guaranteed insurability options, records retention and destruction, mechanical policy issue, the training of planning analysts and processing policyholder remittances.

Following the annual business meeting on Tuesday, D. N. Warters, president of Bankers Life of Iowa, will be the speaker. Donald C. Slichter, president of Northwestern Mutual, will address the luncheon honoring LOMA Institute's 1961 fellows.

Tuesday afternoon will be turned over to concurrent sessions sponsored by the group administration, debit, cost and organizing committees. Subjects of the sessions will include the coming revolution in group administration, changing operations to meet changing trends in debit insurance, cost clinic for smaller companies and company organization at the operation management level. Later in the afternoon, the automation committee and LOMA Institute will hold informal discussion sessions.

A symposium on the challenges facing life insurance will open the Wednesday program. Symposium speakers will be H. Lewis Rietz, executive vice-president of Great Southern Life and president of Health Insurance Assn. of America; Eli Shapiro, professor of finance at the school of industrial management of Massachusetts Institute of Technology, and John W. Riley Jr., 2nd vice-president and director of social research of Equitable Society.

The meeting will close with an address by Kenneth McFarland, educational consultant of General Motors.

Applies For 22% Rate Increase

Hospital Service Assn. of Toledo has applied to the Ohio department for a 22% rate increase to be effective Oct. 1 or Nov. 1. A public hearing will be held in Toledo if the department deems it necessary. The last rate change for the Toledo Blue Cross was in November, 1958.

1961 Unique Manual Is Off The Press

Providing comprehensive coverage of all sorts of life insurance facts and figures, and treating a total of 1,225 life companies in its more than 1,600 pages, the new 1961 "Unique Manual of Life Insurance" has just been published by the National Underwriter Co. Now in its 63rd annual edition, the Unique Manual is the only annual reference publication that provides broad information on the financial and operating figures of the companies and also presents complete data concerning policies, rates, dividends, settlement options, etc.

Consisting of two major sections and many important subsections, the Unique Manual contains the answer to practically any statistical question about a life company or its policies that any life man is likely to need. Large, medium size and small companies are all shown and there is even a special listing of companies that have gone out of business, changed their names or merged since 1940.

The first 976 pages of the manual present the latest policy provisions and the figures concerning these policies all arranged in a standard easy to use manner. More rate, value, cost and settlement option information is provided in this section of the Unique Manual alone than is available from any other insurance reference book. Among the special subjects covered in subsections are juvenile insurance, single premium rates, industrial policies, reserve tables, and the incomes payable under settlement options of contracts issued many years ago. One important subsection gives sample rates and descriptions of more than 10,000 less frequently written contracts, in addition to those for which rates are shown in full.

Following the policy and rate information is the large section in which are presented all the significant facts and figures concerning the companies. For the major companies, all factual information is shown in detail. For companies with less than \$20 million in force, of which there are now close to 600, considerably briefer information is presented, including data concerning a number of companies not shown in any other similar reference book.

For all of the larger companies there is a brief history, a record of changes in dividends to policyholders, detailed "statistics by years," and some 60 or more significant items for the annual statement and gain and loss exhibit of each company including an analysis of its business in force and investments.

The Unique Manual is indexed both by topics and by companies. Advance copies are now being delivered and extra copies may be ordered from the National Underwriter Co. at 420 East Fourth Street, Cincinnati, Ohio, or any National Underwriter office. The single copy price is \$16 plus postage.

Los Angeles Statisticians Elect Sundahl President

William H. Sundahl, Transport Indemnity, has been elected president of Los Angeles chapter of Insurance Accounting & Statistical Assn. R. I. Colbourn, Pacific Mutual Life, and Robert A. Schensky, Olympic of Los Angeles, are vice-presidents, and Thomas W. Tinkle, Pacific Fidelity Life, is secretary-treasurer.



populated residential and business section of town in a wooded country area with running brook in back and a fountain and pool in front. Mr. Shepherd had the structure built in its location to provide his client's with quiet, relaxed surroundings in which to discuss their business problems away from the hustle, bustle, and distractions of the crowded city where most of them work. Says Mr. Shepherd, "The reaction of clients so far, has been terrific." Mr. Shepherd is a full time agent with John Hancock and also writes business with Massachusetts Mutual and Provident Life & Accident.

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REPRESENTATIVE
THE FRANKLIN LIFE INSURANCE CO.
SPRINGFIELD, ILLINOIS

Thacher Speech Reveals How N. Y. Might Still Try Blocking Life-Fire Kinship

By WILLIAM MACFARLANE

Superintendent Thacher of New York has revealed that the department can still set up certain roadblocks in the way of an out-of-state life company wanting to buy a fire-casualty subsidiary without losing its license to write life business in the state, despite the fact that the court of appeals, the state's highest tribunal, has sanctioned such transactions in its decision in the Connecticut General suit against the department.

There are still laws on the books pertaining to anti-trust matters which could prevent a life company from acquiring a fire-casualty subsidiary, depending on the individual case, the superintendent said in a speech at the annual meeting of National Assn. of Attorneys General in New York City.

During a discussion of insurance regulation, he pointed out that the court of appeals has ruled that, standing alone, an out-of-state life company's acquisition of controlling interest in a company doing an unrelated line of insurance business does not disqualify the life insurer from operating in New York—if, disregarding such stock interest, the life insurer's assets meet the applicable New York requirements.

Anti-trust Aspect Not Touched

However, the superintendent emphasized, the court decision did not touch on the question of the economic impact of such transactions from an anti-trust standpoint. The court, the superintendent noted, had no specific transactions before it for consideration. The department, on the other hand, will be dealing with specific transactions, if and when foreign life companies with newly-acquired fire-casualty subsidiaries apply for renewal of licenses, and the department's decision to renew or not to renew will be based on its estimate of whether or not anti-trust statutes have been violated by the acquisitions.

To give some idea of how deeply the department plans to probe each acquisition, the commissioner said that

when it is confronted with such a transaction affecting one of its licensees, the department will in the normal course of its review consider its impact upon competition in any line of commerce involved.

"But such consideration cannot be made *in vacuo* and, like all *non-per se* violations of the law, is dependent on underlying fact, delineation of the markets affected and measurement of the projected changes therein," the superintendent emphasized.

What the superintendent's remarks seem to amount to is that the department is not going to set up a series of generalized ground rules which any life insurer in the market for a fire and casualty subsidiary can follow in order to avoid losing its license. Each case of acquisition will be dealt with individually and will stand or fall on its own merits. It will be considered from an anti-trust standpoint in relationship to its present effect on the insurance market and any foreseeable effect it might have in the future. And the department's conclusion in each case will be based on its own best estimate of the situation.

Calls For A Return To Basic Salesmanship

"Since the mid-1940s the average life insurance premium has dropped from \$30 per \$1,000 to less than \$20 per \$1,000 and as a result one-third of our dollar market has been lost," Robert V. Van Fossan, superintendent of agencies for Northwestern National Life's north central division said at a Montana life insurance sales congress in Helena.

Mr. Fossan said it used to be said that the life insurance industry's biggest competition was from the so-called big ticket items—automobiles, washing machines, clothes dryers, refrigerators, furniture, etc. This is no longer true. They are not the things which in recent years have literally walked off with a big part of the industry's dollar market.

"The cold truth of the matter is that we have lost our market to those who

are selling just exactly what we are selling—dollars for future delivery," he stated. "As we have shifted from selling 20-pay life and retirement income to need selling, programming and estate planning we have ended up by merchandising and selling to our customers a completely unglamorous, stripped-down functional piece of life insurance.

"For example, take the automobile field. As far as being functional is concerned, the lowest priced model, stripped-down—without radio, heater, undercoating, or any of the extras—is indeed functional insofar as providing transportation is concerned, but how many people buy the stripped-down product? The answer, of course, is that they don't. But too often the same man who this week buys an automobile with super deluxe radio, power steering, power brakes, and, yes, even white sidewall tires, next week buys from his insurance agent a completely stripped-down model of life insurance. And what is responsible for this? It comes right back to the merchandising job the industry has been doing.

"Somehow—somewhere—in the move toward educating the public or possibly in the move toward professional status, in the move toward basing sales on sheer logic, we have forgotten ours always has and always will be a selling business, and I can't help but feel that if we would do a little better job of merchandising our product, a little better job of glamorizing it, a little better job of selling the white sidewalls, so to speak, the public would begin to think of life insurance in an entirely different vein," Mr. Fossan concluded.

Detroit Metropolitan To Be Merged Into Mammoth Life & Accident

Mammoth Life & Accident of Louisville and Detroit Metropolitan Mutual Assurance have agreed on terms of a merger by which the Detroit company will be merged into Mammoth L&A.

J. E. Hankins, Mammoth L&A. president, will continue in that position. Houston A. Baker, agency director of Mammoth, will be administrative assistant.

Charles C. Diggs Sr., Detroit Metropolitan's president, will become a Mammoth director and vice-president in charge of the Detroit division. Richard H. Austin, a director of the Detroit company, will also become a Mammoth director.

Combined insurance in force will exceed \$122.5 million; assets will total almost \$15 million, and annual premium income will reach \$5.5 million.

Both companies are owned and operated by Negroes. Mammoth was founded in 1915 and does business in Kentucky, Indiana, Ohio, Illinois, Michigan, Missouri, Tennessee and Wisconsin. Detroit Metropolitan, organized in 1942, does business in Michigan and Missouri.

Senate Unit Votes Rise In Federal Employee Coverage

WASHINGTON—A Senate subcommittee has voted to recommend to the full committee on post office and civil service legislation an increase in the group life coverage of government employees under the federal employees health benefits law. The subcommittee recommended increases of \$1,000 for employees whose salaries are less than \$10,000 a year, of \$2,000 for employees whose salaries are between \$10,000 and \$20,000, and of \$3,000 for those whose salaries are over \$20,000.

COMMENDS EDITORIAL

Favors Repeal Of N.Y.'s Section 213 Commission Limits

Alfred J. Johannsen, general agent of Northwestern Mutual Life in New York City, writes:

My sincere congratulations on your excellent editorial "Section 213: The Next to Fall?" in the June 17 issue. Twenty years ago I took a very active part in the Life Managers Assn. of New York City studies of section 213. Our reports at two successive Saratoga meetings agreed with practically everything you say in your editorial. The forecast of trends pointed out in those reports has been substantiated with time.

The law's attitude toward compensating the ordinary field man working in the low-to-middle income market is ridiculous when contrasted with the law's attitude toward the combination agent.

The survival rate of new ordinary agents is still a curse to the business and section 213 must bear part of the responsibility.

If section 213 were repealed and the emphasis left solely to solvency control there might be a chance for a new method of compensating full time ordinary agents, including a minimum wage geared to sales and service. Management would then have an opportunity to experiment with better merchandising and servicing methods in the vast market area of low to middle income.

As a veteran student of section 213, I think it should fall, but I wonder whether any ordinary company will be willing to undergo the great legal expense of trying to upset the law. Perhaps the National Assn. of Life Underwriters could take on the job, but I doubt whether they can unite behind the venture.

Stemler Appointed Manager

Harry J. Stemler Jr., life sales director for Gore-Youngburg-Carlson general agency of Chicago, has been appointed manager of the agency's entire life operations. Mr. Stemler joined the agency in February of this year and prior to that had been brokerage manager for Occidental of California's LaSalle Street office in Chicago.

New Handbook Ready For Md., Del. And D. C.

A new Underwriters Handbook of Maryland, Delaware and District of Columbia has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout these states. Copies of the new Maryland, Delaware, District of Columbia handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price \$12.50 each.

HIGHER STANDARDS OF EXCELLENCE

"We must know that this battle of life insurance cannot be fought by ivory-tower home office management decisions alone, but by close, on-the-ground contact with the sales team—the real heart of any marketing organization."

J. D. Anderson, President in a speech at LIAMA Spring Conference, Chicago, 1961

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The Equitable Life of Max Rapaport in Bangor, Me.



Rapaport family briefly abandons cozy home to enjoy the snow. Wife Pauline is in the middle, next to Max. Daughter Elinor,

at left, is a senior at Boston U. Daughter Esa Jane, right, is an eighth-grader at the Garland Street Junior High School.



Sometimes starts his day with a shirt-sleeve breakfast at the Sales Executives Club where he is a director. Other directors, seated left to right, are Philip Chalmers, Irving Hunter, Edward Beausang and Nate J. Rogers.

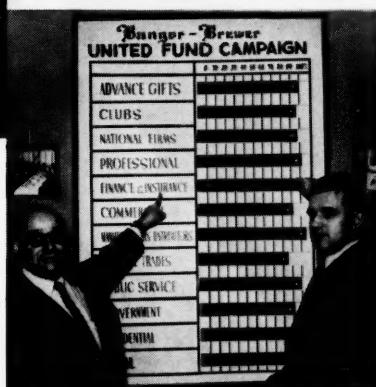
A Man's Prestige somehow goes hand in hand with the prestige of the company he represents. This is why Max is proud to be a life underwriter for Equitable. It's a full life. And a rewarding one. **Living Insurance is more than a need . . . it's a career!**



Maxwell Rapaport, CLU, starts his busy days by dictating to secretary Frances Treadwell, making appointments, and going over the calendar. He's a member of Equitable's Sidney J. Smith Agency in Portland.



Energetically makes personal calls. Here he talks to client Max Kagan of the Kagan-Lown Shoe Company, while son Irving Kagan looks on. The factory building was financed by an Equitable mortgage loan.



Wholeheartedly joins in city activities. Proudly shows William Wilson, Executive Secretary of the United Fund, the achievements of the finance and insurance group—in which Max was very active.

THE EQUITABLE

Life Assurance Society of the United States
Home Office: 393 Seventh Ave., New York 1, N.Y. ©1961

Split-Dollar Makes Salable Package; In Reverse It Solves Estate Problem

Split dollar as a package sale and reverse split-dollar as a means of solving a troublesome type of estate problem were discussed by E. Price Ripley, National Life of Vermont, Roanoke, Va., and Borislav J. Todorovich, Provident Mutual Life, New York City, in a workshop session at the Million Dollar Round Table annual meeting at Bal Harbour, Fla.

Mr. Ripley approaches the employer on the basis that the proposed plan will permit a key executive to have a large amount of protection when he needs it most, creating an estate vastly greater than he could possibly create through his own resources—yet the cost to him is much lower than for term insurance. For the corporation, Mr. Ripley lists these advantages:

Lists Advantages

1. The corporation has an absolute guarantee that it will be paid back all the dollars it has paid in, regardless of whether the termination is by death or surrender of the policy. (This statement envisions a contract between the

employer and employee providing for complete recovery by the employer at all times.)

2. Unlike many group plans, which must cover all the employees in each category, this plan allows your company a high degree of selectivity. You can pick and choose the men you want to reward.

Can Remain Private

3. Since this plan is restricted to those key executives you really want to keep, word of it can be private and will not be spread throughout your organization.

4. This plan does not involve the approval of the Internal Revenue Service. It has already been approved by IRS through its revenue ruling 55-713.

5. The contributions made by the employer are not considered taxable income to the employee, thus he gets his insurance largely income-tax free.

6. The proceeds paid to your corporation are income-tax free to the

(CONTINUED ON PAGE 16)

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Davenport, Harder New Senior V-Ps Of Southwestern Life

Southwestern Life has appointed R. R. Davenport and A. D. Harder



senior vice-presidents and Jeff Nickelson and Ora W. Walk vice-presidents.

Mr. Davenport, who has been vice-president and agency director since 1951, will remain in charge of sales and agency operations. A past president of LIAMA, he joined the company in 1933 as an agent.

Mr. Harder has been vice-president and treasurer since 1954 and will con-

Manufacturers Life, to tell its story of having attained \$1 billion in assets to its 3,600 home office and field employees, sent out lapel buttons showing a bee in flight (symbolically, a bee for a billion). Shown receiving her lapel button from K. G. McNab, vice-president and chief agency officer, is Maureen McGann of the medical department. Looking on is A. T. Seedhouse, vice-president, administration, who has played a major role in the company's investment program.

New Law For Escheating Unclaimed Policy Proceeds To State Signed In N. J.

TRENTON—New provisions for the escheating to the state of unclaimed policy proceeds of both New Jersey-based and out-of-state life companies have been signed into law.

The bill also covers nearly all types of property held by life companies. Amending a 1946 law, it is designed to simplify procedures as well as produce additional revenue for the state at reduced collection costs.

Occidental Of Cal. In Career Guidance Program

Occidental Life of California is participating for the fourth consecutive year in an employment and career guidance program for school counselors and placement officers who are summer-session graduate students of Associated Colleges of Claremont (Cal.).

Under the six-week program, a counselor or placement officer participates in four weeks of paid "internship" on a 40-hours-a-week basis at Occidental's home office. This is followed by two weeks at the college summer session seminar when he prepares a written report on occupational and employment patterns observed at the company. Seven other southern California business and industrial firms are cooperating in the program, now in its ninth year.

San Antonio Assn. Elects

Robert S. Hemmick, Massachusetts Mutual, has been elected president of San Antonio Life Underwriters Assn. Also elected were Maxwell M. Herbert, Texas Life, 1st vice-president; Gilbert C. Langholz, John Hancock, 2nd vice-president; Jack D. Allmon, New York Life, secretary, and Ralph J. McCarty, Occidental of California, treasurer.

American United Has Seminar

American United Life conducted a risk selection and classification seminar for representatives of other companies from throughout the country at the home office. A total of 66 persons, representing 52 companies in 27 states, including Alaska, Hawaii, and the District of Columbia, attended the meeting.



tinue to head the investment department as senior vice-president and treasurer. He began with the company in 1925. He and Mr. Davenport have been directors since 1954.

Mr. Nickelson and Mr. Walk have held the positions of 2nd vice-president and agency director. Mr. Nickelson went with Southwestern in 1940 and served in management positions in the field and at the home office. In his new post, he will direct agency operations and field sales promotion. Mr. Walk will be in charge of agency administration and services. He joined the company in 1945 and was manager at Fort Worth before moving to the home office in 1956.

Milwaukee H.&L. Claim Group Elects Miss Carey

Miss Jean A. Carey, Association Ins. Co., has been elected president of Milwaukee Health & Life Claim Assn. Other officers are Glen C. Alexander, Personal Indemnity, vice-president; James Abrams, Catholic Knights of Wisconsin, secretary, and Richard Meyers, Blue Cross, treasurer.

American Family Life Has Gains

American Family Life of Madison, Wis., life in force of \$57,717,034 at the end of 1960 and new business of \$16,849,458 during the first quarter of 1961. Three-month new business premiums increased 34% from 1960, with renewal premiums up 64%.



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Actuaries' Society Western Regional Is Held At Los Angeles

The Western Regional meeting of Society of Actuaries was held at the Ambassador Hotel, Los Angeles, and was attended by 200 members and guests.

In the discussion of a new annuity table, W. A. Jenkins, Teachers Insurance & Annuity Assn., and W. C. McCarter, Northwestern Mutual Life, said that an entirely new table would be preferable to the modification of a-1949. J. B. MacDonald, Crown Life felt that most anti-selection in unrestricted election of optional forms of retirement income resulted in the larger pensions and that allowance should be made for the schedule of benefits.

Urge Continuing Education

In a discussion of marketing trends, D. A. Wahlberg, Minnesota Mutual, and A. B. Brown, Metropolitan of California, emphasized the traditional values of cash value insurance and urged the continuing education of the field force and the policyholders in the inherent advantages. J. F. Ryan, New York Life, suggested that concentration should be on competition from other investment institutions rather than with other insurers.

The discussion of medical care for the aged was opened by E. H. Neuschwander, Fireman's Fund, who warned that the increase in benefits provided by state and federal governments can result in substantial overinsurance on individuals who currently have coverage.

At the session on pensions, B. H. Hazlehurst, Pacific Mutual, pointed out that his company has recently raised the interest assumption on many plans from 3 1/2% to 4%, a change justified by investment results. F. C. Ockels, Johnson & Higgins, said the higher risk on equity investments should result in higher yields than on fixed dollar investments and that he usually assumes a rate 1/2% higher on the variable portion of annuities than on the fixed portion. A. S. Hansen felt the differential should be in the opposite direction.

Accuracy Important

M. L. Grover, Johnson & Higgins, pointed out that while conservative assumptions are appropriate on fixed dollar plans, it is important to be accurate on variable plans because of the effect on unit values. Mr. Neuschwander said his company's retirement plan assumes 3 1/2%. R. H. Little, Coates, Herfurth & England, agreed that 3% is an appropriate assumption on fixed dollar plans. C. E. Nelson, Nelson & Warren, felt that a low interest assumption would give needed protection against future inflation.

Turning to mortality assumptions, W. M. Rae, Bankers of Iowa, said that the 1951 tables with projection scale C are now barely satisfactory. On disability rate assumptions, W. F. Marples, Martin E. Segal Co., said rates of disablement assumed depend on the particular situation and particularly on the method of administration.

On valuation of pension plan assets, Mr. Little said the question of the use of cost or market value has received various answers, with the present trend appearing to be toward methods which consider a portion of the unrealized capital appreciation in current valuations.

On experience under variable annuity plans, Mr. Ockels said these plans appear to appeal particularly to employers who have a substantial number of scientific and technical employees. Mr. Hohaus feels it is essential to the financial success of public employee pension plans that an actuarial price tag be put on each plan change. T. P. Bleakney, Milliman & Robertson, said that advance funding gives advance notice of future burdens. Several speakers agreed that many public employee plans are inadequately funded.

Agree On Birthday

In the session on ordinary life, there was general agreement as to the popular appeal of the age last birthday basis as compared to age nearest birthday. However, when some companies use one basis and the rest the other, there may be a tendency, as was pointed out by A. Richardson, Pacific Fidelity, for brokers to determine which age basis is most favorable to the purchaser and place the business with a company using that basis.

M. T. Lake, Occidental of California, cited advantages of using the 1958 CSO table for the Canadian business of companies doing business in both countries. Unless this can be done, a U.S. company might find certain states requiring revaluation of its Canadian business on the 1958 CSO table basis.

That a small rating had only a slight effect at younger ages was brought out by R. C. Tookey, Lincoln National, in the session on underwriting. A. Brown, Metropolitan, said higher ratings for elevated blood pressure were more acceptable to the field when introduced at the same time as lower ratings for underweights and for tall overweights. A rule of thumb was suggested by F. DeBartolo of American United for use when blood pressure and another impairment each require a rating. To rate the combination appropriately, the rating which was lowest would be doubled and added to the higher rating. G. P. Streatfield, Beneficial Standard, noted the trend for amounts of insurance, including term riders, to exceed reasonable limits in comparison to the applicant's income. Also, inspections have proved advantageous on applications for amounts under \$5,000, he said.

Urges More Recognition

As to commission rates, R. J. Walker, consultant, felt that an experienced agent should not receive greater compensation, but rather that more recognition, not necessarily in the rate of commission, should be given agents who produce higher quality business. C. F. B. Richardson, Berkshire Life, said a lower commission may be justified on policies for smaller amounts and that even grading of premiums cannot adequately compensate for the higher expense on such policies. Cost reduction other than by cutting commission rates was recommended by C. F. Pestal, Northwestern National, who suggested the elimination of marginal agents. Mr. Wain concurred and proposed decreasing the number of supervisors in relation to the number of agents.

A survey of minimum deposit plans was reported on by B. J. Helphand, Pacific Mutual, showing that most companies reduce first year and overriding commissions, offsetting the reduction in renewal years. W. R. Rae presented a discussion for J. R. Taylor, Bankers of Iowa, which noted that the amount of home office assistance rendered an agent for a group contract warranted lower commissions than were payable on individual contracts.

On granting of full coverage at age

zero, H. Sarason, Woodward & Fondiller, felt that inflation had made former restrictions unnecessary. E. Brown, Southwestern Life, and R. M. Collins, Minnesota Mutual, told of the need for special care in the case of premature and underweight babies.

During the small company forum, A. O. Groth, Equitable of Iowa, mentioned that the bond basis in bond and fee methods actually allowed inconsistencies within the bond. This could be particularly troublesome for pension trust rates.

Great-West Holding Sales Conferences This Month

Sales conferences are being held this month by Great-West Life at Murray Bay, Que., and Jasper, Alta. Speakers will be President D. E. Kilgour; Executive Vice-president J. E. Morrison; Earl M. Schwemm, manager at Chicago; and Arthur R. Upgren, economics professor at Macalester College, St. Paul, Minn.

Slater Heads Eugene (Ore.) Agents

Woodson T. Slater, New York Life, has been elected president of Eugene (Ore.) Life Underwriters Assn. Other officers are Conrad Sheffer, Business Men's Assurance, 1st vice-president; Quentin Isham, Standard of Oregon, 2nd vice-president; and Ronald Petersen, Prudential, secretary.

Church Life Revises Benefits

Church Life has revised the benefits of its 37-year old group life plan, covering the lay employees of National Council of the Protestant Episcopal church. The revision increases the benefits to accord with present-day standards.



Receiving congratulations from Byron K. Elliott, president of John Hancock, left, is James A. Peirce, director of the company's bureau of publications and winner of the distinguished service award of International Council of Industrial Editors. Mr. Peirce received the award "for notable contribution to the advancement of corporate communications." At the same time, Hancock Director Erwin D. Canham, editor of the Christian Science Monitor, was presented with ICIE's Clement A. Trout award for distinguished service to the communications field.

St. Louis CLUs Elect

St. Louis CLU chapter has elected: F. James Curoto, New England Life, president; T. Edward Flanigan, Sun Life, and Kenneth E. Steiner, Indianapolis Life, vice-presidents, and Myron H. Blotkey, Prudential, secretary-treasurer. Membership is a record 92.



CHANGING TO THE 1958 CSO TABLE?

BOWLES, ANDREWS & TOWNE has available:

- Non-forfeiture values, 2 1/2% and 3%, minimum first 5 years graded into CRVM reserves end of 15 years. CRVM and Net Level reserves, for most standard and some special plans.
- Electronic computing facilities (both Burroughs 220 and IBM 607) for calculating: non-forfeiture values, asset shares, reserves, gross premiums, dividends.
- A large staff experienced in serving as the company's actuary or working as an extension to the company's actuarial department. In addition to computing work the staff can assist in establishing basis of dividends and gross premiums and preparation of policy forms and ratebook text.

For further information write or call

BOWLES, ANDREWS & TOWNE, INC.

RICHMOND: P. O. Box 6716 Richmond 30, Virginia	ATLANTA: 1389 Peachtree Street, N.E. Atlanta 9, Georgia	NEW YORK: 156 William Street New York 38, N.Y.
PORLAND: 465 Congress Street Portland, Maine	DALLAS: 715 Meadows Building Dallas 6, Texas	MIAMI: 100 Biscayne Boulevard, South Miami 32, Florida

CONTINENTAL ASSURANCE ACTUARY LOOKS AHEAD

Prospect Of Expanding Ordinary Sales, Higher Earnings Seen For Next Decade

The tabulation in last week's issue showing the 20 largest life companies in North America and their percentage increases under four headings revealed a comparatively better record for stock companies in the past 10 years. This prompted a visit to Continental Assur-

ance, which had outstanding gains, to learn how a successful stock life company views the next decade.

David G. Scott, 1st vice-president and actuary, who has been doing some careful study of the life insurance market, looks for an expansion of ordinary

sales in the years ahead. He recently discussed the outlook for stock life companies for the benefit of New York Society of Security Analysts, offering an optimistic prospect for both market and earnings.

Hopes For End To Trend

For example, Mr. Scott has hopes that the recent trend toward term insurance and away from the permanent forms may have ended. Life insurance as an investment medium may be returning to fashion. This would be good news to the stock companies, because

they prefer to issue higher premium forms such as endowment and 20-pay life in order to use the reserves to build up in these coverages as a source of excess interest earnings.

Ordinary sales, Mr. Scott feels, should increase in the future at perhaps an accelerated rate. Future gains depend upon the amount of insurance the average family can buy and the number of families in the market. In the last decade the number of persons in the age group 20 to 64 (where 90% of ordinary sales are made) increased by less than 7%, but in the next 10 years the increase will be 17%. Thus from the viewpoint of the increase in the number of families to whom sales can be made, the life companies are going to be better off in the immediate future than they were in the immediate past. Income of the family unit, it can be reasonably assumed, will be subject to the same forces in the years ahead, and as income increases it is known that the amount of life insurance purchased increases more than proportionately.

Relying On Ingenuity

On top of that, Mr. Scott is relying on an increase in the ingenuity and inventiveness of life companies to develop appealing policies. The family plan and the guaranteed insurability plan were introduced in recent years to the young adult market, a market that in the next 10 years will increase by 2,800,000 persons annually. New successful plans of insurance for this group will help expand the market.

A continuation of the trend of increase of approximately \$500 a year in the amount of life insurance in force per average family would seem to be in order, according to Mr. Scott. In 1960 the average was just over \$10,000, and a continuation of the \$500 annual increase would produce a total insurance in force for an average family of approximately \$15,000 in 1970, an aggregate of \$1 trillion insurance in force. There is no sign of market saturation at this point, Mr. Scott believes, and he points out that stock companies are more than holding their own in competition with the mutuals with a gradually increasing share of the total insurance in force.

What about earnings?

The non-participating premiums of stock companies have been reduced steadily in the last 15 years, partly because of an increase in investment return, partly because of a decrease in mortality rates. In the next few years all companies will be using the 1958 CSO mortality table for reserves and cash values, and when new rate books are made it can be expected that the companies will reexamine the mortality bases and interest rates used in computing premiums. It is possible, Mr. Scott believes, that some companies will find reasons for somewhat lower premiums because of better

(CONTINUED ON PAGE 16)

IDEA ROOM

(Reserved for July 24-25-26)

DURING the Annual Meeting of Northwestern Mutual agents, this room and others like it will be filled with men exchanging ideas.

The point is: while accommodations such as this belong to the Home Office, the meeting doesn't. Northwestern Mutual agents hold their own meeting.

The reason is simple: a sincere belief that one of the best ways for an agent to become more successful is to share ideas with other successful agents.

The room shown above will prove the point on July 24th, 25th and 26th. On these days, meetings planned by agents on subjects selected by agents will be given by speakers chosen by agents.

We take this opportunity to again welcome NML agents to Milwaukee and our "idea" rooms. May they have a most pleasant trip and a successful meeting.

EXECUTIVE COMMITTEE OF THE ASSOCIATION OF AGENTS

RICHARD J. MOSER, New Albany, Indiana

JOHN H. VANCE, Canton, Ohio

SIDNEY F. GREELEY, JR., Framingham, Mass.

WILLIAM A. HAZLETT, CLU, Chicago, Ill.

81st Annual Meeting of Northwestern Mutual Agents, July 24, 25 and 26, 1961 Milwaukee, Wisconsin

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY MILWAUKEE, WISCONSIN

New Handbook Ready For West Virginia

A new Underwriters Handbook of West Virginia has just been published by the National Underwriter Co. It provides complete and up-to-date information on agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new West Virginia handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price \$12.50 each.

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MUTUAL OF OMAHA FIRST AGAIN IN 1960

Widens its margin of lead over all other companies in the health insurance industry

RANK BY COMPANY		PREMIUMS WRITTEN 1960
*1	MUTUAL OF OMAHA	\$195,992,310
2	BAN	114,424,521
3	PR	99,134,232
4	CO	90,842,284
5	ME	78,414,607
6	RE	62,578,149
7	U	49,809,831
8	T	32,292,246
9	W	31,843,263
10	W	28,699,356
11	W	27,007,677
12	N	25,733,022
13	M	25,228,025
14	A	23,331,216
15	PA	22,300,115
16	BB	17,091,180
17	NE	14,533,644
18	NO	14,184,730
19	CO	13,282,136
20	MA	12,263,019

**MUTUAL
INCREASES
LEAD OVER
ALL
COMPANIES**

Statistics just released in the May 12th issue of the National Underwriter show Mutual of Omaha wrote more health insurance on an individual basis in 1960 than any other company in the field — 71% more than the next company. Here is another giant stride forward by Mutual of Omaha, with over 195 million dollars in individual (non-group) business written during the year.*

The greatest single factor contributing to this unexcelled record of success is a force of more than ten thousand dedicated representatives. These *specialists in security* provide service throughout all 50 states, the District of Columbia, Canada, the Canal Zone and portions of the West Indies.

Wide public acceptance of Mutual's new coverages and provisions is resulting in another record-shattering pace this year. The Company's increase in business for the first quarter of 1961 is more than double the increase for the same period in 1960.

Would you like to join the ten thousand successful men of Mutual? Write to Howard Dewey, Mutual of Omaha, Omaha, Nebraska.

Mutual
OF OMAHA



Your Good Neighbor

MUTUAL BENEFIT HEALTH & ACCIDENT ASSOCIATION

Home Office: Omaha, Nebraska

Lincoln National's 125 Leading Agents Hold Sales Congress

Leading agents of Lincoln National Life—125 of them—were present at the company's biennial president club sales congress held this year at Banff, Can.

Emphasis during the four-day meeting was on advanced underwriting, with various types of sales presentations forming the basis for discussion.

Featured during the meeting were

detailed presentations by four sets of agents, each of which were given, in advance, detailed information concerning a hypothetical industry.

Discuss Estate Planning

Discussing an estate planning approach to the industry were Robert Loeb and Robert Steptoe, Louisville; and J. Max Abramowitz, and S. Morris Abramowitz, Baltimore.

A business insurance approach for the same hypothetical industry was presented by Howard E. English and Floyd E. Cripe, Chicago; and David

Warshawsky and T. S. Goodman, Cleveland.

Rounding out the program were speeches and special presentations by home office representatives including Walter O. Menge, president; Henry W. Persons, vice-president and director of agencies; Jack E. Rawles, 2nd vice-president, and Willard C. Brudi, 2nd vice-president.

William E. Mooney, general counsel of Woodmen of the World, Omaha, has joined the Schmid, Snow & Ford law firm of Omaha.

Nationwide Wins Court Battle Over Use Of Its 'Securance' Advertising

COLUMBUS, O.—A ruling in favor of Nationwide has been returned by the Sandusky common pleas court. The ruling followed an attempt to prevent Nationwide from using the word "Securance" in its advertising.

Nationwide employs the word to denote the insurance, financing, and savings services it offers. "Securance" advertisements first appeared in February, 1960.

Security Service Inc., which operates insurance agencies in Woodville and Gibsonville, O., had sought to permanently enjoin Nationwide from using the word. Security Service maintained it had prior rights to "Securance."

Security Service secured a temporary restraining order, but the injunction was dissolved when plaintiffs failed to post bond to protect Nationwide against loss due to a break in its ad program.

In presenting a 16-page opinion on the issue, Judge Gabel said "The court gets the impression from the evidence that the plaintiffs saw an opportunity to capitalize upon the use of the word by the defendants. . . ." He ordered plaintiffs to pay the court's costs.

A cross petition filed by Nationwide, asking that the "Securance" service mark registered in Ohio by the plaintiffs be canceled, was also granted. Nationwide contended the registration should be nullified on the ground that it was submitted after the insurance company began using "Securance."

Wash. State Life Agents Elect Shields President

Walter J. Shields, general agent of Equitable of Iowa, Spokane, was elected president of Washington State Assn. of Life Underwriters, at the annual convention at Yakima. He succeeds John B. Freer, New York Life, Aberdeen.

Other officers elected are: Fred B. Wiley, Occidental of California, 1st vice-president; Guy Hawkins, Northwestern Mutual, Walla Walla, 2nd vice-president; Ray Sabin, New York Life, Tacoma, 3rd vice-president; and James E. Melville, Central Life of Iowa, Moses Lake, secretary-treasurer.

Kendrick C. Hawkes, Mutual of New York, Seattle, was named national committeeman for a three-year term.

Wisconsin Assembly OKs Lid On State Life Fund

A bill to limit to \$10,000 the state life insurance fund coverage on any one person has been passed by the Wisconsin assembly and sent to the senate.

Rep. McKay of Mequon led the successful fight to limit the amount of coverage. He said state subsidies made the fund "one of the best insurance buys in the state" and argued that there was "no reason for the state to be in the insurance business."

Good Month For Bankers Of Ia.

New ordinary business at Bankers Life of Des Moines for May totaled \$21,549,858, an increase of more than 5% over the same month last year. Combined with a group insurance total of \$5,966,577, new business at Bankers Life for May reached \$27,516,435. For the first five months of the year, new production amounted to \$149,067,525 with ordinary totaling \$107,015,515 and group, \$42,052,010.

Ever Seen an Actuary Blow a Fuse?



The other day we did, soon after we asked a Junior Actuary this question:

"How many combinations of policy and rider can The Manhattan Life issue as of now? Must be an awful lot of 'em. There are 55 policies and 18 riders, and most every rider can be attached to most any policy. Then you've got to figure that just about everything is issued up to 1,000% Mortality, which means, in most cases, twelve sub-standard tables, A through FZ. Don't bother about all the ages we issue at or the different year-spans of each rider."

The Actuary scowled a bit, then stroked his chin as he meditated.

All of a sudden, he started manipulating keys on an ultra modern, if small, computing machine. Reminded us of a piano virtuoso at the ivories. The more keys the Actuary punched,

the more the machine got agitated, jumping like a frog. The figures in the peep holes kept getting bigger and bigger.

Then it happened — FAST. The machine quit cold; the light went out.

Our Actuary looked perplexed. "Must have blown a fuse! Too many combinations for this small machine to handle," he muttered. "The big machine is tied up. How about coming back next week?"

Sorry, but we couldn't get the answer by press time. Let's just say this for the moment: The Man from Manhattan Life can offer you a big range of sales-closing combinations. With few exceptions, the underwriting goes to 1,000% Mortality, which means a lot when you have a "tough one."

Call The Man from Manhattan and tell him your problems.

Over \$1,500,000,000 of Insurance in Force



THE MANHATTAN LIFE INSURANCE COMPANY

of NEW YORK

Home Office: 111 West 57th Street

New York 19, N. Y.

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Home Office Changes

Prudential

Theodore A. Sedam, head of the Philadelphia mortgage loan office, has been appointed associate general manager of mortgage loan and real estate investment at the Chicago regional home office to succeed James E. Rutter, who has been named general manager at the home office mortgage loan and real estate investment department. William Manthey-Zorn, assistant director in the mortgage loan and real estate investment department, succeeds Mr. Sedam.

Travelers

Dudley S. Field, who has been at the home office since September and before that was manager at Kansas City, has been named regional director of agencies, life, A&H, with headquarters at Chicago. He has been assistant manager at Chicago.

Life Of Virginia

William R. Sands Jr. has been elected counsel. He had been with the Richmond law firm of Barton, Parker & Boyd.

State Mutual Life

Donald E. Treadwell has been promoted from assistant manager of the underwriting department to underwriting manager.

Ralph W. Ellis Jr., Albert L. Johnson and Herbert A. Saari, senior life underwriters, have been named life underwriting assistants.

United Fidelity Life

Henry J. Knapke has been promoted to assistant treasurer and Miss Renee Butler to associate underwriter. Mr. Knapke has been with the company since 1956 and Miss Butler since 1953.

Continental Assurance

Robert K. Cambier has been appointed to advanced underwriting counsel. He joined the company in 1960 as assistant manager at the Chicago branch. In his new position, Mr. Cambier will be responsible for all advanced estate and business insurance counselling services.

Fidelity Mutual Life

Harry L. Pyle, assistant treasurer and cashier, has been elected treasurer, effective Sept. 1.

Oliver D. Groff Jr., assistant treasurer, has been named assistant controller, effective Sept. 1.

Kenneth S. Sweet Jr., securities analyst, has been appointed assistant financial secretary.

Sun Life Of Baltimore

Edward Spielman and Mauri Kemp, field managers at Philadelphia and Chicago, have been appointed training supervisors.

Northwestern Mutual

Dr. Hulbert W. Bardenwerper has joined the company as assistant medical director. He has been in general practice at Waterford, Wis.

Standard Of Indiana

H. Jerome Noel, agency vice-president, has resigned.

American General Life

Oscar L. Newton Jr. has been appointed group sales director. Mr. Newton was in group life work with Sun Life of Canada from 1953 to 1957, at which time he joined the Houston

group office of Bankers Life of Des Moines, being named assistant regional group manager there earlier this year.

John Hancock

Kenneth F. MacIver, assistant secretary and secretary to the finance committee, and Robert W. Carey, director of personal health insurance, have been elected 2nd vice-presidents.

Miss Marion L. Ober, chief counselor in the personnel department, has retired after 14 years with the company.

Equitable Society

Edward J. Skou, manager at Babylon, N. Y., has been appointed field vice-president for agency affairs in the northeastern department, succeeding Frank W. Hill, who has been transferred in that capacity to the New York metropolitan department. Mr. Skou has been manager at Brooklyn and Mr. Hill, who joined the company at Peoria, Ill., has been manager at Albany.

Connecticut Mutual Life

Daniel W. Eschenbrenner has been promoted from assistant agency comptroller to agency secretary, G. Philip Peterson from assistant agency secretary to agency secretary, Peter P. McGrath from assistant agency comptroller to agency comptroller, and Lyman R. Whelan from agency assistant to assistant superintendent of agencies. Mr. Whelan has been general agent of Berkshire Life at New York.

Olympic National

George R. Stuntz, general counsel and executive vice-president has resigned to accept appointment by Gov. Rosellini as judge of King County (Wash.) superior court. Mr. Stuntz had been associated with the company since 1935. He has been an attorney for the U. S. Justice Department, an assistant state attorney and was state administrator for WPA in 1941-42.

Provident Mutual Life

Robert H. Carey has been elected assistant underwriting officer. He had been underwriting manager of State Mutual Life.

Travelers

W. Wesley Niles, manager at Newark, and Glen Allen, manager at Kansas City, have been named assistant superintendents of agencies in the life and A&H department. Mr. Niles has been assistant manager at Toronto and manager at Halifax, N.S., and Buffalo. Mr. Allen joined the company at St. Louis, later becoming assistant manager at Oklahoma City and manager at Little Rock.

Postal Life

E. Thomas Higgs, tabulating supervisor of the IBM department, has been appointed assistant secretary for data processing.

General American

Oliver F. Siegmund, manager of A&S development, has been appointed director of health insurance development.

Health underwriting has been transferred to the new life and health underwriting department under W. Richard Condon. Alvin H. Senter, manager of selection, has been appointed assistant manager of life and health underwriting. Also joining that department

A 1960
record that
means a lot
to you

CAC's Individual Health Volume in 1960 ran Nearly Double Our 1959 Total (And 1961 is running more than 100% ahead of 1960).

There's a good reason why...

Continental Assurance offers a superior line of policies such as . . . Non-Cancellable Income Protection, Guaranteed Renewable Hospital Protection, Guaranteed Renewable Major Medical Protection.

Find out for yourself...

. . . how good . . . how salable . . . these contracts are. Write for sample Red Line Contracts for your personal analysis.



CONTINENTAL ASSURANCE CO.

Member of Continental-National Group
310 South Michigan Avenue, Chicago



are Isabelle Schmidt, formerly in health underwriting, and John D. Williamson, who has been with Reliance Life and Lincoln National.

Fidelity Life Assn.

Raymond E. Weisbach, sales manager for the Los Angeles areas, has been transferred to the home office as sales director. Mr. Weisbach has been in the business 15 years and prior to joining Fidelity he was with Western & Southern at Beverly Hills as superintendent of agents, western region.

INDEPENDENCE LIFE of Pasadena has appointed Bentley Mooney training supervisor. He has been agency supervisor at Bakersfield, Cal., of Bankers of Nebraska.

PERSONAL INDEMNITY of Milwaukee has appointed Ivan J. Guld director of agencies. He has been general agent at Chicago of Monarch Life.

APPALACHIAN NATIONAL LIFE has named Robert W. Hinton vice-president and agency director. He had been superintendent of agencies of Acacia Mutual Life. J. B. Jett has

been appointed manager of the new home office agency. He has been general agent of American Investment Life at Knoxville.

ROYAL AMERICAN LIFE of Marion, Ind., has elected James J. Whitlock president; Von O. Pinkerton chairman; Walter E. Jackson and Harvey Gutwin, vice-presidents; James Gibbons, secretary-treasurer, and Godfrey Yeager, general counsel and director.

GIRARD LIFE of Dallas has appointed Roger F. Garrels vice-president and director of agencies. He has been vice-president and superintendent of agencies.

UNION TRUST LIFE—Newly appointed are: W. Ray Sipes, manager of the group department; Edwin Greenbaum, field supervisor and Hubert Sturtevant, actuarial consultant. Mr. Sturtevant was formerly chief actuary of Old Line Life.

AUSTIN LIFE—Three directors have been named: Jack G. Taylor, president Commercial National; Daniel C. Arnold, attorney with Vinson, Elkins, Weems & Searls; and Raleigh W. John-

son Jr., president R. W. Johnson Co. All are in Houston.

UNITED FOUNDERS LIFE of Oklahoma City has appointed Thomas E. Shaver educational director. He joined United Founders in 1957 and became home office supervisor the same year. In 1958, he was named an assistant vice-president and supervisor of agencies.

LINCOLN INCOME LIFE has appointed Ernest H. Speckman Jr. director of the ordinary development department. He is a former vice-president of Kentucky Central L&A.

GENERAL LIFE of Milwaukee has named William R. Burns vice-president. He has been in the business 20 years, most recently with Northern States Life.

GLOBE ASSURANCE of Columbus, O., has named William Quinn vice-president and agency director. He has most recently been sales superintendent with Illinois Mutual Life & Casualty.

NORTH CENTRAL LIFE has appointed Jerome W. Goshey assistant secretary. He has been manager of the agency services department.

SECURITY UNION LIFE of Oklahoma City has appointed Robert L. Sandberg agencies director and Walter L. Dennis public relations director.

GREAT EASTERN LIFE has named Paul A. Haberbush a vice-president. He has been director of the United States general agency development program of Confederation Life.

\$5,500 MORE THIS WEEK

\$13,222 Is April 30 Unallocated Balance Of MDRT Foundation

Since its organization in September, 1959, the Million Dollar Round Table

Foundation has received gifts from members and friends in cash and securities that together with interest amounted to \$19,622 on April 30, according to the report submitted by Adon N. Smith II, Northwestern Mutual, Charlotte, N.C., president of the foundation and a

past chairman of the Round Table.

The figure does not include the \$5,000 contribution announced this week at the MDRT annual meeting, made by National Life of Vermont in honor of this year's chairman, James B. Irvine Jr., the company's general agent at Chattanooga, or the \$500 contribution in Mr. Irvine's honor by the general agents' association of National Life of Vermont.

Of the \$19,622 total, \$750 has been allocated to scholarships and \$5,000 to American Risk and Insurance Assn. (formerly American Assn. of University Teachers of Insurance) to develop a case study book on life insurance for classroom use in colleges and universities. The scholarships are for students interested in life insurance administration or sales.

Administration expenses since organization amounted to \$650, leaving a balance of unallocated funds of \$13,222 on April 30. The total of cash and securities does not include two life insurance policies having an aggregate face value of \$7,000.

A substantial part of the total amount of gifts was due to contributions by Northwestern Mutual Life in honor of Mr. Smith when he was MDRT chairman in 1959, and by Provident Mutual Life in honor of the 1960 chairman, Robert S. Albritton, Los Angeles.

The MDRT Foundation was set up in 1959 to help the public better understand and enjoy the benefits of life insurance through research projects on financial, personal and business problems, through studies of economic factors bearing on individual savings and security, through studies aimed at improving cooperation among the public's financial advisers and through furthering educational programs and media to help the people enjoy more effective use of dollars set aside for deferred spending, estate creation or indemnity purposes.

Walter Stoiber Heads Youngstown Life Agents

Walter J. Stoiber, Prudential, has been elected president of Youngstown Assn. of Life Underwriters. Other officers are Leo H. Less, Equitable Society, 1st vice-president; John C. Dendiu, 2nd vice-president; Foster O'Neill, Mutual of New York, secretary; and Gilbert Hansen, treasurer.

The Garrison agency of Lathrup Village, Mich., has won the president's trophy of Michigan Life. The award was made at the sales conference at Boyne Falls, Mich.

Hitch YOUR wagon to the SUN

Personal producing General Agents tell us that their business has expanded under our SUN LIFE Plan. They tell us that we not only have a range of policies that is superior but that they also benefit consistently from our prompt individualized home office cooperation. Our sales promotion programs are devised for the General Agent's particular needs based on his own local conditions.

It will pay you to learn more about what SUN LIFE can do for YOU.

Write today or just pin this page to your letterhead for a prompt reply. Your inquiry held in confidence.

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Sun Life
INSURANCE COMPANY OF AMERICA
105 E. Redwood St. • Baltimore 2, Md. • Established 1890

Changes In The Field

Canada Life



C. S. Browning

Charles S. Browning has been appointed branch manager at Los Angeles, replacing Neil Burton who is returning to personal production at his own request.

Mr. Browning joined Canada Life at San Francisco as manager when the company

opened its office there in 1951. For the four years prior to that he had been manager there for Great-West Life. Previous to that he had been with Sun Life of Canada at St. Louis, Denver and San Francisco.

Fidelity Mutual Life

Robert J. Kistler, general agent at Philadelphia, has been transferred to the agency at 2 Penn Center. M. B. Lamar Jr., who has been with the Pierce agency in Philadelphia, has



M. B. Lamar Jr.



Robert J. Kistler

been named manager of Mr. Kistler's former agency in the National Bank Building. Mr. Kistler joined the Pierce agency in 1950, became supervisor there, and then assistant general agent and co-general agent at the agency in the National Bank Building. He is a CLU. Mr. Lamar, also a CLU, is a qualifying and life member of Million Dollar Round Table.

Manhattan Life

D. A. Roblyer, who has been an agent at Jackson, Miss., has been appointed general agent there to succeed Devan W. Read, who was recently



D. A. Roblyer



Julian Barton

transferred to the home office as superintendent of agencies, eastern division. Mr. Roblyer has been with Mutual Benefit Life at Jackson.

Julian Barton, agent at Beverly Hills, has been named general agent there.

Sun Life Of Canada

Transferred as assistant superintendents of agencies are D. S. A. Bell, from the eastern to the central U. S. division; W. H. Reynolds, from the western Canadian to the eastern U. S. division; K. G. Lawrence, from the eastern Canadian to the western U. S. division, and F. H. Frizzell, from the

central to the eastern Canadian division.

C. M. Root, inspector of agencies, eastern U. S. division, has been appointed assistant superintendent, western Canadian division. D. Rutgers, agency assistant, sales promotion and training of the agency department, has been named inspector of agencies, central Canadian division.

Republic National Life

Lyle Hilton, in the business 27 years, has been named general agent for the Albuquerque area.

Postal Life

Lester D. Reich has been appointed general agent at Jamaica, N. Y. where he had been general agent of the Macabees.

Provident Mutual Life

Hugh L. Smith Jr., who joined the company in June 1960, has been appointed group manager at Miami. He

was formerly in Aetna Life's group department.

Berkshire Life

Richard F. Pratt has been appointed general agent at Chicago. He has been regional supervisor of agencies of Jefferson National for Ohio and Michigan and before that was manager of Connecticut General at Indianapolis.



Richard F. Pratt

Franklin Life

Alvin S. Bogart has been named manager for North Bergen County in New Jersey. He joined Home Life of New York in 1953, was named an assistant manager in 1955, and manager in 1958.

Zurich Life

James T. Dalziel Jr. has been named superintendent of life underwriting, succeeding Arthur E. Benedetto, who

has resigned. Before joining Zurich, Mr. Dalziel was with Royal American Life and Foundation Life.

Occidental Of California

Carl E. Beckman has been appointed manager at Davenport, Ia., and Edward R. Burke has been named to succeed him as brokerage manager. Mr. Beckman joined Occidental there in 1956. Mr. Burke, formerly assistant branch manager, joined the company in 1957.

John H. Korcal has been appointed assistant manager at Detroit. He has been an agent there.

William D. Anderson has been appointed administrative assistant of the Carnal branch at Chicago. He has been with Franklin Life at Waukegan, Ill.

New brokerage managers are Ronald L. Kehrl at Spokane, and Ralph B. Fairchild Jr. at San Antonio. Mr. Kehrl has been with Business Men's Assurance and Great Northwest Life, and Mr. Fairchild with Connecticut Mutual and Century Life.

Appointed assistant brokerage managers are Theodore H. Yale at Pas-

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THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

dena, Cal., John C. Prost at Detroit, Walter S. Cook at Columbus, O., and William M. Dudley at Washington, D. C. Mr. Yale has had previous experience with Occidental and with Manufacturers Life, and Mr. Prost has been with Northwestern Mutual. Mr. Cook entered the business with Mutual of New York, and Mr. Dudley has been with John Hancock.

Appointments have been made in field operations in Ohio, Illinois, Louisiana and California:

Cincinnati—R. H. Brown, formerly in the Baltimore group office, has been named regional group manager, succeeding William H. Barrows who has been appointed assistant director of group service in the home office.

Chicago—R. R. Caffarelli has been advanced to assistant regional group manager, D. T. Knap to group sales representative and P. E. Kreuer to senior group service representative.

Sacramento—Noel Highfill has been named assistant regional group manager.

New Orleans—T. H. Crews was promoted to group sales representative.

Pilot Life



Gus T. Petro

Gus T. Petro, who has recently completed the home office management development program, has been appointed general agent at Cincinnati. He was formerly with Commonwealth Life at Lexington, Ky.

General American Life

Harold A. Doder has been named district group manager at San Francisco, and Gerald E. Robinson has joined the company as a group representative at Pittsburgh. Mr. Doder joined General American in 1955 in a group sales training program. He served in the group sales offices in Detroit and San Francisco before his appointment in 1959 as district group manager at Houston. Mr. Robinson entered the group sales field in 1957 with Connecticut General of Indianapolis. Since 1959, he had been a



Robert E. Olmstead

General at New York. Mr. Olmstead entered the life business with Equitable Society at New York and after that was with Penn Mutual Life at Chicago



Harold E. Levine

John F. Huber III has been appointed general agent at Bala Cynwyd, Pa. He had been manager at Philadelphia Life of North America.

OLD EQUITY LIFE of Evanston, Ill., has appointed as district mana-

■ During the hustle of our modern marketing age, have we placed insurance into the hopper of "hard sell"? Are we classifying our product with TV sets, new cars, air conditioners and other luxury items of life. ■ If so, are we overlooking the strongest appeal that insurance has . . . that it is a basic necessity of family living. Consider the unavoidable expenses of clean-up fund . . . family existence . . . education of children . . . retirement! ■ These are the needs that only insurance can meet. At Federal, we meet this challenge by tailoring our programs to meet these basic needs. For details write Emery Huff, Agency Vice President.

A few prime managerial positions still available in the Midwest area.

HAVE WE FORGOTTEN THAT PEOPLE NEED INSURANCE?

FEDERAL LIFE INSURANCE COMPANY 6100 N. Cicero Avenue, Chicago 46, Illinois

Modern Woodmen



Jack L. Bunnell

Jack L. Bunnell has been appointed state manager at Denver for Colorado and southeast Wyoming. He has been in a similar capacity in Idaho since 1953.

Hartford Life

Richard C. Edwards has been appointed general agent at Woodside, N. Y., where he is a partner in the Edwards agency, a general lines agency.

Kansas City Life

Thomas M. Bergeson has been appointed general agent for six Michigan counties in the Detroit area: St. Clair, Macomb, Oakland, Wayne Washtenaw, and Monroe.

Mutual Benefit Life

Harold E. Levine, supervisor at New York, has been appointed general agent at Providence, R. I., to succeed Robert E. Olmstead, who has retired after 25 years in that capacity, but will continue in personal production. Mr. Levine has been with Connecticut

and Detroit. He joined Mutual Benefit as production manager at Detroit. He is past president of Rhode Island Life Underwriters Assn. and of the Detroit and Providence CLU chapters and qualifying and life member of Million Dollar Round Table.

Life & Casualty

J. P. Henderson, regional sales director in the northeastern division, has been promoted to district manager at Alexandria, Va. He has been a staff manager at Paducah, Ky.

A. R. Johnson, staff manager at Durham, N.C., has been promoted to district manager of a new agency at Kinston, N. C.

Equitable Of Iowa

Stanton L. Rice Jr., Albany general agent will retire July 1, although he will continue to represent Equitable as



Carl Foss



Stanton L. Rice

a special representative. Replacing Mr. Rice will be Carl Foss.

Mr. Rice joined the company in Harrisburg, Pa. in 1922. In 1937 he was advanced to general agent in Albany. Mr. Foss started in the business in 1953 with Prudential at Schenectady and was named division manager there in 1957.

Intercoast Mutual Life

George C. Mitchell, with the company since 1959 in group sales at Sacramento, has been named district group manager for the San Diego-Phoenix area. He formerly was with Mutual Life.

Continental American Life

John F. Huber III has been appointed general agent at Bala Cynwyd, Pa. He had been manager at Philadelphia Life of North America.

OLD EQUITY LIFE of Evanston, Ill., has appointed as district mana-

gers George H. Cassidy in southeastern Pennsylvania, Glen A. McKee in Arkansas, and Robert R. Sauer in northwestern Pennsylvania.

LINCOLN LIBERTY LIFE—William E. Young has been appointed manager at Kansas City. John R. Gossin, with the company since 1955, has been named general agent at Lincoln, Neb.

PACIFIC MUTUAL LIFE—Three agency managers have been appointed: Francis H. McGovern, Newark; John W. Peterson, Tulsa, and William E. Postma, Richmond.

ASSOCIATES LIFE—Sol Leavitt of Hershey-Leavitt agency, Cleveland, has been appointed regional director of Cleveland and Cuyahoga Counties.

CHICAGO METROPOLITAN MUTUAL has appointed Edward E. Campbell manager at Dayton.

Lincoln Natl.'s New Term-Insurability Endorsement Ready

A new term-insurability rider has been announced by Lincoln National Life.

The new rider includes seven major future insurability provisions:

—Up to six regular options to buy additional life insurance—age 25, 28, 31, 34, 37, and 40—with a maximum of \$1,000 per unit at each age.

—Supplemental decreasing term insurance prior to age 40—\$600 per unit prior to age 25 and decreasing \$100 per unit at each option age.

—The privilege to exercise a special option (the same amount as a regular option) at the expiration of three months from the date of insured's marriage, in lieu of the next regular option.

—The privilege to exercise a special option at the expiration of three months from the birth or legal adoption of any child, in lieu of the next regular option.

—When all regular options have been exercised, or cancelled by the exercise of special options, any additional marriage or births prior to age 40 will create additional special options to buy additional insurance.

—Additional term insurance protection (\$1,000 per unit) for a period of three months immediately following the marriage of insured or the birth of insured's child, at no increase in premium.

—The privilege to purchase additional insurance three months after marriage includes the right to buy a family policy. The insurability of the new wife as well as insured is guaranteed.

The premium for the new rider is the same as for the company's previous rider, even though several additional benefits are included.

Lincoln Life is adding the new provisions to all of its existing term-insurability riders. This is being done automatically, at no additional cost to policyholders.

\$24.5 Million Written In Ohio National Contest

Agents of Ohio National wrote \$24,502,426 during the May annual president's month contest. Quotas were exceeded by 34 agencies, and 84 agents each produced over \$100,000 of business. Top individual performance was by C. T. Crosby Jr., Fort Worth general agent, who wrote over \$1 million.

Big Market Seen For Business Disability Insurance, Tax-Sheltered Annuity Plans

The largely untapped opportunities in business disability insurance and in tax-sheltered annuities for non-profit corporations operating under section 501(c)(3) of the internal revenue code were explained by William Harmelin, Continental Assurance, New York City, and Francis T. Fenn, National Life of Vermont, Hartford, at a workshop session of the Million Dollar Round Table annual meeting at Bal Harbour, Fla.

Mr. Harmelin pointed out that a provision for buy-out in case of the disability of a partner or close corporation stockholder is as important as in case of death. A disability income provision is equally important in deferred compensation agreements. The chances of disability during a working lifetime are far greater than the chances of death.

Mr. Harmelin said a buy and sell agreement covering the disability hazard should contain seven points: (1) definition of disability; (2) amount of salary during disability before buy-out; (3) when the buy-out should be mandatory; (4) source of funds; (5) number of installments needed to effect the buy-out; (6) disposition of life insurance policies on the healthy and the disabled stockholders or partners; (7) provision for the contingency of death during the period that disability buy-out payments are being made.

Should Refer To A Policy

A disability buy-out agreement that attempts to define disability without referring to a specific disability insurance policy of a specific company is an invitation to endless disagreement, litigation, emnity and unhappiness, said Mr. Harmelin.

Some insurance men believe that mandatory buy-out in case of serious and long-term disability may be objectionable in instances where the disabled person recovers, Mr. Harmelin conceded, but he cited disability data covering 1930-1950 which showed that only 15 out of 100 persons disabled for three years at the young age of 37 recover, while at age 47 only 9.8 recover. The longer the disability the fewer the recoveries, and the older the

United Life & Accident's new business written in May totaled more than \$13.6 million, a record for monthly production.

Chicago CLU Chapter Names New Officers



New officers of Chicago CLU chapter. From left: Robert C. Preble Jr., broker, secretary; Robert S. Bowles, manager North American Life of Canada, the new president; Odd Meyer, Equitable Society, retiring president, and Robert H. Swanson, general agent New England Life, vice-president. Mr. Meyer is holding the Freeman J. Wood award, known as the President's Plaque and given annually by Chicago Assn. of Life Underwriters to one of its component units for outstanding service. The CLU chapter has won it three times out of the six years it has been extant. Other officers not present for the picture are M. B. Bay, Prudential manager, treasurer, and Samuel Quitman, Mutual Benefit Life, recording secretary.

victim the less the likelihood of recovering.

The 1958 technical amendments act changed the internal revenue code to make it possible for a non-profit organizations to which section 501(c)(3) applies to pay annuity premiums up to 20% of an employee's compensation without having premiums taxable to the employee as current income, Mr. Fenn pointed out. Additional tax free premiums can be paid for past services. In general, a 501(c)(3) organization is a corporation organized and operated exclusively for religious, charitable, scientific, literary or educational purposes. It is among the corporations that are exempt from paying corporate income taxes.

High Salaried Doctors Prospects

Prospects include doctors and others with high salaries or outside income who are working full-time or part-time for hospitals or colleges, for example, anesthesiologists, pathologists, radiologists, and the like; also 501(c)(3) organizations not having formal pension plans, such as small hospitals, schools, churches, foundation, community chests, etc.

If the person to be approached is the proposed annuitant, such as a doctor working full or part-time for a hospital or college, it is best to approach the doctor direct rather than the organization. Once an interview has been obtained, it is easy to interest the doctor.

If the organization itself is to be approached, then the man to see is the one who is going to make the decision for the organization. The best approach to him is the regular need for a retirement plan to take care of average permanent employees. This can be followed up by pointing out the simplicity of the tax sheltered annuity, which does not necessitate elaborate trusts or contracts, or prior approval by the Treasury Department.

Can Be Discriminating

It should also be pointed out that the tax sheltered annuity plan can be discriminatory as to what is done for one employee as compared with another. Moreover, employees themselves can be encouraged to contribute by taking a salary cut. This procedure has an obvious tax advantage as compared with the conventional method of em-

ployee contributions after personal income tax, used in qualified pension plans.

Mr. Fenn pointed out that the employer must be the applicant and the premium payer, the employee annuitant is the owner and names the beneficiary of the contract, and unless there is already an employment contract between the employer and employee, there should be a letter from the employer to the employee setting forth the terms of the employee's compensation and the annuity premium. The letter should be prepared by the client's attorney.

Other important tax aspects are (1) the full annuity income will be taxed at retirement; (2) no capital gains tax applies at any time; (3) for employees of 501(c)(1), (2) and (3) organizations (religious and educational organizations but not most hospitals) the following additional tax benefits are available: (a) in the event of death, the beneficiary receives the first \$5,000 income-tax free, the balance being taxed as normal income; (b) death benefits are not subject to federal income tax; (c) a gift would not be subject to federal gift tax.

In Health Insurance, too... Brokers look to Guardian for the Plus that Makes the Sale

DISABILITY INCOME PROTECTION

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High accidental death and medical benefits for any and all kinds of accidents.

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Split-Dollar Makes A Salable Package

(CONTINUED FROM PAGE 6)

extent of your contributions to the plan.

7. Corporations are just like people, because corporations are run by people. They are created, they die, or they are prosperous because of the human element. Most people have trouble saving money; most corporations have some trouble saving money because of the human element. This plan will guarantee that your corporation saves some of its dollars as a cash surplus.

Use Two Illustrations

Mr. Todorovich used two cases to illustrate "reverse split-dollar." In one, the prospect is age 60, with a wife 54 and sons 25 and 21. His estate is about a million dollars. He has rejected solving his liquidity problem through gifts in trust for the sons or annual gifts to each son. The solution is through policies on the father's life, split between himself (the cash value) and each of the sons (the amount at risk), thereby making it possible for him to provide his heirs with liquid funds, free of income, gift or estate taxes, and still retain virtual control of the policies.

The father would collaterally assign the policies for the cash value and would obligate himself to a series of annual gifts equal to the balance of premiums due. Dividends would be used to buy one-year term equal to the annual increase in cash value. Thus the amount at risk would be equal to the face amount for the next 15 years.

The portion of the premiums paid by the father each year equal to the

annual increase in cash values would actually be an interest-free advance to the sons. The balance of the premiums would be deemed a gift to them. They are less than the annual gift-tax exclusion. Contributions by the sons would be limited to the first year, when each would reimburse their father for \$716. Thus the father would be relieved by filing a gift-tax return for that year. Starting with the 15th year, providing the father is still living, the sons would be called on to provide the portion of the premium covering the amount at risk. It is assumed that by this time they will be well able to afford this.

Business Perpetuation Case

The other case involved funding a business perpetuation case. Mr. X wants to make it possible for his key executive, Mr. Y, to acquire 50% of the corporation's stock—an essential prerequisite to the successful continuation of the business. Mr. Y would apply for and own a policy on Mr. X's life, such policy to be assigned collaterally to Mr. X for the cash value. In return, Mr. X would advance each year, on an interest-free basis, an amount equal to the annual increase in cash value.

Advantages to Mr. X are (a) the fair value of a portion of his stock in the corporation will be paid promptly to his estate; (b) the ultimate value of the estate remains unchanged for estate-tax purposes; (c) Mr. X is practically sure of the continued services of Mr. Y, which are presumably essential to the successful operation of the corporation.

Advantages to Mr. Y are (a) the

cash value to buy 50% of Mr. X's stock in the corporation will be at his disposal when needed, income-tax free; (b) the stock purchased would have a stepped-up tax basis, which means lower capital gains for Mr. Y upon subsequent sale of the stock.

Importance Of Disability Income Is Stressed

William Smith, assistant manager Retail Credit, San Antonio, addressing San Antonio Health Underwriters Assn., urged his listeners to sell disability income protection—and in sufficient amounts to provide reasonable income.

Mr. Smith said that far too often a policy is sold which provides for only \$50 per month when one providing at least \$200 should have been sold.

He enumerated some cases where inadequate protection had been provided. A barber had suffered a stroke which left him unable to move except with the aid of a walker. While the man had life insurance with a waiver of premium clause, income protection had not been provided. As a consequence, this man and his wife had to move from a good residential section to a much poorer one—and the wife now launders clothes for their living.

Mr. Smith said that while people are more income conscious these days, it is up to the agent to sell them adequate coverage. He also stressed the importance of securing all information when writing the application so that when a claim arises there will not be any charge of misrepresentation and denial of claim.

Pacific Nat. Moves From Salt Lake City To S. F.

Pacific National has sold its head operating office at Salt Lake City and has transferred 90 employees to the home office at San Francisco. Purchaser of the building was LDS Business College, an affiliate of the Church of Latter-Day Saints.

Sale of the building and transfer of personnel and equipment completes the consolidation of the ordinary division at San Francisco. Pacific National was established at Salt Lake City in 1929, merged with Matson Assurance of San Francisco in 1957 and the combined company retained the Pacific National name.

The insurer will retain a regional office at Salt Lake City under James B. Cunningham, who has been general agent there.

Seattle Agents Elect

Arthur F. Kehle, Equitable of Iowa, has been elected president of Seattle-King County Life Underwriters Assn. He succeeds Douglas L. Mitchell, Penn Mutual. Other officers are John H. Rooney, Equitable Society, vice-president; Clifford B. Bertram, Mutual Benefit Life, secretary; and Kendrick C. Hawkes, Mutual of New York, treasurer.

D. C. Agents Officers Sworn In

Carlyle Dunaway, general counsel of NALU, at a luncheon of District of Columbia Life Underwriters Assn., swore in the association's newly-elected officers—Quentin C. Aanenson, Mutual of New York, president; Frank Ridge, Mutual Benefit Life, 1st vice-president, and Paul E. Gibson, Sun Life of Canada, 2nd vice-president. Speaker at the luncheon was Stanton G. Hale, vice-president for sales of Mutual of New York.

Expansion Of Ordinary, Higher Earnings Seen For Next Decade

(CONTINUED FROM PAGE 8)

mortality or improved interest earnings in the past few years. The actuaries will be just as conservative as they were years ago, but recent experience may encourage them to adopt more favorable mortality assumptions and interest assumptions while still retaining the same margins for profit as they formerly had.

Interest assumptions for non-participating policies are expected by Mr. Scott to be in the neighborhood of 3 to 3.5%. This compares with earnings of a little more than 4% before federal taxes which will take up somewhat less than half of the margin. Although the rate at which new investments are being made is a little less than it has been recently, they are still being made at a rate in excess of the average the companies are earning over-all, so Mr. Scott expects the average rate earned to continue to rise, although at a slower pace.

Nothing To Reduce Mortality

He sees nothing to reduce mortality or interest earnings. Earnings on new and future business can be expected to be as great as earnings on old business was expected to be when it was issued.

Are expenses near a minimum level?

This is a difficult thing to measure because of the variation in product. Many companies have introduced automation and their expenses in the past few years have contained development costs for this. As companies become more fully automated in the next few years and abandon some of their former procedures the installation expense of automation will disappear and the savings it offers will make themselves felt.

Mr. Scott points out that the income tax act of 1959 provides for life insurance companies to compete on a more equitable basis with self-administered and trustee pension plans. It is not too late for the life companies, because 55% of all employees in private non-agricultural establishments are still not covered by any pension plan other than social security. Most of these uninsured employees are employed by relatively small firms, and this is precisely the market for which pensions can be most successfully covered by life insurance. This is a field relatively untouched where the insurance companies can expect to make substantial gains in the next 10 years.

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UNITED LIFE AND ACCIDENT INSURANCE COMPANY

EST. 1913 CONCORD, NEW HAMPSHIRE

Write H. V. STAEBLE, C.L.U., Field Management Vice President, United Life, 2 White Street, Concord, New Hampshire.

- OR CONTACT -

WARREN E. CUTTING, Sup't of Agencies for the District of Columbia, Fla., Ill., Mass., N. H., N. J., Ohio*, Vt., and Va.*

WALTER O. COREY, Sup't. of Agencies for Cal., Conn., Del., Ind., Md., Me., Mich., N. C., Pa., and R. I.

*Agency building General Agents' opportunities available.

Outstanding Overseas agents' opportunities available in Europe, Okinawa and Guam; a minimum of one year's statewide production required.



North Central Ind. A&H Assn. Elects Phillips

Robert Phillips, Mutual of Omaha, has been elected president of North Central Indiana (South Bend) Assn. of A&H Underwriters. He succeeds H. C. Overgaard, Woodmen A.&L.

New vice-presidents are Edward Perkins, Hartford Accident, Arthur Gayman, Prudential; and James Loomis, Associates Life; and Howard W. Snyder, Woodmen A.&L., is secretary-treasurer.

Opens Substandard Office

Edward D. Brown, who operated his own insurance office in Louisville for the last year and previously was with Mutual of New York for 12 years, has organized IMU Corp. as a placement office for substandard risks. IMU stands for "individualized medical underwriting."

MDRT To Seek Curb On Use Of 'Million' In Club Names

(CONTINUED FROM PAGE 1)

made known by MDRT Chairman James B. Irvine Jr., at the traditional breakfast of the annual meeting of the Round Table this week at the Americana Hotel, Bal Harbour, Fla. Another feature of the breakfast was the announcement by President Deane C. Davis of National Life of Vermont that the company is presenting \$5,000 to the Million Dollar Round Table Foundation in honor of Mr. Irvine, who is the company's general agent at Chattanooga.

Also announced was a contribution of \$500 to the foundation by the general agents' association of National Life of Vermont in Mr. Irvine's honor.

Besides the \$5,000 contribution to the MDRT Foundation, National Life presented to each person attending the meeting an oak ice bucket with an engraved plate indicating the occasion.

Believes Companies Will Help

Use of the words "million" and "million dollar" is one of the Round Table's biggest public relations problems currently, said Mr. Irvine, adding: "We don't believe this to be in the best interest of the companies, the industry or the Million Dollar Round Table, and we are confident that when some of these companies understand the problem, they will want to assist in this project."

Some clubs with "million" in their names allow qualification based on a million of production with no limit on term insurance; a million of group insurance production within the year; a million based on the allowance of \$1,000 for each \$10 of group commissions earned within the year; a million of total production over the agent's insurance career to date, and many other variants.

A number of MDRT members have complained that the Round Table's prestige is being adversely affected and its public image is being confused by the steady stream of advertising by companies, agencies and agents in connection with clubs and producers using the "million" designation.

Membership Now 2,932

Mr. Irvine also announced that the official membership total of the 1961 Round Table now stands at 2,932. Delayed approval of four first-time qualifiers raised the total from the earlier announced figure of 2,928.

Traditionally a speaker at the opening breakfast is the current president of National Assn. of Life Underwriters, who this year is William E. North, manager New York Life, Evanston, Ill. Another NALU official taking part in the breakfast proceedings was Lester O. Schriver, NALU executive vice-president, who gave the invocation.

Mr. North stressed the seriousness of the gap between the amount of life insurance in force and the amount that ought to be in force for even minimum standards of protection and retirement income.

"We as life underwriters must move more aggressively to that point where we are providing more people with a more nearly adequate replacement income in time of greatest need," he said. "Since life insurance is the best proven substitute source of income ever devised, we owe no less than our very best efforts to this, and members of the Million Dollar Round Table should assume infinitely stronger leadership in attaining this greater goal. Specifically, we can promote the return to individual responsibility, in

which 'climate' the services of life insurance have always played a major role.

Need For 'Good Property' Concept

"We must help more people to understand and appreciate that the only completely dependable security is that which they themselves buy, own and control. This is the way to true financial independence, and there is magic in believing this."

"Today as perhaps never before, there is an urgent need for re-establishing the 'good property' concept of life insurance. People must again be taught that life insurance is property—premier property—and why. This concept may be old to those of us who have been in the life insurance business a long time; however, recent surveys and experience demonstrate this concept to be only slightly appreciated by the vast majority of the people, not excepting policyholders themselves.

"We must become more knowledgeable and more effective in deemphasizing life insurance as a technical instrument and much more effective in dramatizing the benefits of life insurance. We must stress life insurance as a method designed and developed to help all the people meet their aims, goals and ambitions more easily, more reasonably, more surely. Conceivably our 'communications' have broken down somewhere along the line. If so, let's repair them quickly and get on with the job. We cannot afford the luxury of bad communications."

People Like What They Know

Industry leaders, said Mr. North, now appear to see the long existing need for improving the climate in which life agents work if they are to gain maximum results per unit of time and effort invested in the field. This involves building a more favorable predisposition to consider and discuss the problems that may involve the use of life insurance. Expressing the hope that an intensive program will be developed, Mr. North pointed out that people are instinctively more favorably predisposed toward what they understand, and are inclined to fear what they are unfamiliar with.

"Meanwhile, we must do business," Mr. North observed. "We might check our selling methods to make certain we begin at the beginning in presenting our case to the prospect. It can be costly to assume people know in advance the fundamental case for the ownership of life insurance—so many of them have never heard the story of life insurance effectively, dramatically told."

Final speaker of the morning was Mortimer J. Adler, director of the Institute for Philosophical Research, San Francisco, who talked on "The Art of Communicating."

Discuss Agent As Business Man

All of Monday afternoon was devoted to a session on "The Life Underwriter as a Business Man," in which seven MDRT members explained their organizational setups for selling a million a year. This session and nearly all the other sessions and workshops that are mentioned in references that follow are being reported in separate articles, so they can be covered at greater length than would be feasible in a single story. Some of these articles appear elsewhere in this issue, while others will be published later.

Monday evening two veteran MDRT

members, Daniel Auslander, New York City, who has led Massachusetts Mutual's field force in 12 of the last 25 years, and Ben Feldman, East Liverpool, O., who led New York Life for the last six years, told how they sell millions every year.

Case Study Covers Many Angles

All of Tuesday morning was given over to "The Case of Pincus O'Flaherty," a synthesized situation providing for a chance to study problems arising in virtually the entire field of estate planning, with particular emphasis on points suggested in advance by Round Table members. It was handled by four men who are recognized authorities in estate, business and financial planning as well as being seasoned panelists: Rene A. Wormser, William J. Casey, New York City Lawyers, James F. Thornburg, South Bend, Ind., lawyer, and David B. Chase, accountant and senior partner in the J. K. Lasser & Co. national accounting firm, New York City.

Tuesday afternoon there were three

OFFICERS ELECTED (Effective Nov. 1, 1961)

Chairman—Lester A. Rosen, Union Central Life, Memphis
Vice-chairman—Daniel H. Coakley, New York Life, Boston. Immediate past chairman—James B. Irvine Jr., National Life of Vermont, Chattanooga.

Members of executive committee—Alfred J. Lewallen, Mutual Benefit Life, Miami (reelected), and Iram H. Brewster, Phoenix Mutual Life, Pittsburgh.

Place of next meeting—Queen Elizabeth Hotel, Montreal, July 15-25.

concurrent workshop sessions, one on business disability insurance and tax-sheltered annuities, one on the split-dollar plan as a package sale and on "reverse split-dollar" to handle an often encountered estate situation, and a third on selling professional partnerships. Each was repeated to permit members to attend at least two.

Joint-Selling Plan Presented

Tuesday evening there was a session on joint selling of pension and profit-sharing plans.

Mr. Thornburg again appeared on

STATE LIFE...the Company with Many Facets to Serve Agents Better

FOR the discriminating agent there is no finer home office to back his efforts than that found here at the State Life. Our strong, vigorous organization is comprised of many experienced persons and many specialized departments, all working toward a single purpose... greater usefulness to the agent, and the individual policyholder.

This all adds up to the fact that State Life offers everything that it takes to interest and develop agents and agency managers... from thorough training courses right through to high, liberal commissions with retirement features. See for yourself... look ahead, by writing today for all the facts.

DIHL H. LUCUS—Vice-President and Director of Agencies

The
STATE LIFE
Insurance Company
Indianapolis

A MUTUAL COMPANY FOUNDED 1894

the program Wednesday morning to make a talk on the many tax questions that arise in connection with deferred compensation of executives. He gave his audience a chance to score themselves on these questions before he discussed them.

For example, in one case involving revenue ruling 60-31, an executive's five-year employment contract provides for both current and deferred compensation. Deferrals are credited to a bookkeeping reserve account, payable in five annual installments following termination of full-time employment. Accrued deferrals are irreversibly vested in the executive or his estate. Additional deferrals are accrued for a limited time if partial or total disability occurs. The question is, Is the executive taxable on the commuted value of the deferrals prior to actual receipt thereof?

"The real issue," said Mr. Thornburg, "is whether 60-31 is a firm revenue ruling or just 'revenue fooling.' Personally, I elect to believe the Internal Revenue Service and accept its public assurance.

Cites Two Vital Factors

"Two factors in the illustration are of paramount importance: First, the factual situation involves no future contingencies or obligations upon the employee—merely the passage of time; and second, bookkeeping reserve account acknowledging the corporate debt to the employee is currently established and acknowledged of record.

The effect of this illustration is to acknowledge that a cash-basis taxpayer does not experience income, under either the constructive receipt or the economic benefit theories, as a result of the mere existence of a non-negotiable promise for the future payment of money or property."

In addition to the decisions relied on in the revenue ruling, Mr. Thornburg suggested reference to a number of other citations that he listed. As to the question, May the employer deduct the amount of the accrued deferral in the year when accrued, Mr. Thornburg said no, for these reasons:

Internal revenue code section 404 (a) (5) provides that if contributions are paid under a plan deferring the receipt of compensation by an employee, the same shall be deductible: 'in the taxable year when paid . . . (if the plan is not a qualified plan) if the employee's rights to or derived from such employer's contribution or such compensation are non-forfeitable at the time the contribution or compensation is paid.' Since the employer in the illustration of the revenue ruling made no contribution or payment prior to the time when the employee actually receives the same, deduction is first available to the employer in the year of the payment of the deferred compensation direct to the employee."

Following Mr. Thornburg's talk came the "President's Hour," when President Davis of National Life of Vermont spoke. His address is reported elsewhere in this issue.

Concurrent Workshops Conducted

Wednesday afternoon there were concurrent workshops on estate planning and on opportunities in corporate planning, followed by a workshop on capital transfer insurance, life insurance trusts, the combining of insurance with tax savings possible through charitable giving, the use of financed insurance, and the importance of protecting life insurance cash values as collateral continuing to enjoy tax-deductible status for interest.

That evening there was a session

Almost 300 On Hand As Brinkley Becomes Head Of Fla. Agents

Herbert B. Brinkley, Independent Life & Accident, Tallahassee, was elected president of Florida Life Underwriters Assn. at its annual meeting in Ormond Beach. He succeeds David J. Blatt, Mutual of New York, Palm Beach.

Other officers elected were Les McEwen, Penn Mutual Life, St. Petersburg, senior vice-president, and Lewie Moates, Business Men's Assurance, Tallahassee, secretary-treasurer. Regional vice-presidents elected were William Bell, Liberty National Life, Marianna, zone 2 and D. C. Moon, Southern Life & Health, West Palm Beach, zone 8.

Almost 300 members and guests attended the meeting which opened with a discussion of the stability of the Florida economy by R. B. Roberts, vice-president of Florida Power & Light.

An agents forum moderated by Walter Stokes, Mutual Benefit Life, Miami, included as panelists Mr. McEwen; J. M. Motley, Independent Life, Daytona Beach; C. J. VanLaarhoven, Metropolitan Life, Daytona Beach, and Horace S. Smith Jr., Fidelity Mutual Life, Tampa.

F. C. Williams Speaks

F. Courtney Williams, superintendent of agencies of Metropolitan Life, was speaker at the annual meeting of Florida General Agents & Managers Assn. of NALU. Officers elected at the meeting were Crowell Sexton, Metropolitan Life, Jacksonville, president; Scott Lee, New York Life, Tampa, vice-president, and Hal B. Armentrout Jr., Provident Mutual Life, Fort Lauderdale, secretary-treasurer.

Commissioner J. Edwin Larson open-



David Blatt, Mutual of New York, Palm Beach, outgoing president of Florida Life Underwriters Assn., left congratulates Les McEwen, Penn Mutual Life, St. Petersburg, the association's newly elected vice-president, and other officers for the coming year at the annual meeting in Ormond Beach. From left are Mr. Blatt; Lewie Moates, Business Men's Assurance, Tallahassee, secretary-treasurer; Herbert Brinkley, Independent Life & Accident, Tallahassee, president, and Mr. McEwen.

ed the first day's session and was presented with a plaque saluting his efforts on behalf of the public and the association by Willis Parker, Independent Life, Jacksonville.

Luncheon speaker was Sen. Scott Kelly of Lakeland.

A legislative session was conducted by Mr. Parker, followed by talks by Broward Williams, administrative assistant to the commissioner, and William Hamrick, senior vice-president of Gulf Life.

As membership chairman, Mr. Brinkley presented desk-ornament missiles to 13 local presidents and membership chairmen for exceeding membership quotas.

The association's man of the year plaque went to Frank Weidknecht, counsel of Prudential at the regional home office at Jacksonville.

Mark 50th Anniversary Of Group Life

William J. Graham (center), retired vice-president of Equitable Society, who is known as the father of group insurance, looks over the first group life policy, issued by Equitable, which took effect June 1, 1911. With him are President James F. Oates Jr. (left) of Equitable and Horace H. Wilson, senior vice-president, group sales. The policy provided about \$700 each for employees of Pantasote Leather Co. of Passaic, N. J.



Group life insurance's 50th anniversary was recently celebrated by Equitable Society, which originated the form of coverage in 1911. Though the Montgomery Ward group case is generally thought of as the first, it actually was not the first to be put in

on executive plans.

The final session of the meeting, Thursday morning, was the setting for talks by representatives of American Bar Association, American Institute of Certified Public Accountants and the trust division of American Bankers Assn., followed by talks by five past chairmen of the Round Table.

force, even though it was an inquiry from Montgomery Ward in 1910 that sparked the group idea. The first case was on the Pantasote Leather Co. of Passaic, N. J., a maker of artificial leather, whose product was much in demand for the tops on touring cars.

The reason that Pantasote got the jump on other corporations was that its president, E. H. Outerbridge, was a director of Equitable and had a chance to know about the Montgomery Ward negotiations, which occupied nearly two years. He became so enthusiastic about the idea that he had the coverage written for his company. Five other companies installed group

275-Plus On Hand At Pan-American Life's 50th-Year Meeting

More than 275 delegates and guests attended Pan-American Life's golden anniversary convention at the Del Prado Hotel, Mexico City.

The convention got under way on Monday with a breakfast at which Chairman Crawford H. Ellis, President John Y. Ruddock, and Senior Vice-president Kenneth D. Hamer extended welcoming remarks. Mr. Hamer announced that the company now had more than \$1,322,379,236 of insurance in force and over \$228,211,453 in assets.

Also on Monday morning, the leading producers—members of the Dynamo Club—were given a special breakfast, presided over by Mr. Hamer.

The opening section of the business session on Monday was also presided over by Mr. Hamer and featured talks by Paul Light, regional agency vice-president, and Seth C. Gatchell, director of training. This section was followed by another headed by Bernard S. Lyon, regional agency vice-president, and featuring Francis J. Selman, New Orleans; Edward G. Daniel, Shreveport, La., and Murray D. Shores, Baton Rouge, La.

Section on Methods
The third section, this one on methods, was presided over by Mr. Light and included as speakers Richard L. Hinderman, vice-president, public relations and personnel; Wallace B. Schmitz, vice-president, employer-employee benefits, and a sales panel made up of Parker H. Dinwiddie, Memphis; Henry Vanderberg, Trenton, Marvin L. McGraw Jr., Baton Rouge, and Raymond W. Walker Jr., Birmingham.

The final section of the business session was directed by Mr. Lyon and included talks by Larry C. Miller, assistant superintendent of agencies; Erwin H. Fust, superintendent of agencies; John W. Nelson, agency administrator, and Mr. Hamer. The general agents advisory council met in the afternoon, followed by the president's reception and an award dinner.

At the dinner the Edward G. Simmons award, which is dedicated to the founder and executive vice-president of Pan-American, was given to the Shores agency at Baton Rouge.

Among other awards to winners of several contests held during the past year was the 1961 president's month winner which went to the Brandon agency at Memphis. The leading individual agent for president's month was Oscar Hurt Jr., Memphis. In second place, among individual winners was Alan Jacobson, also of Memphis.

President Ruddock gave the farewell address.

Extra-production field men, some 150 delegates and wives, were awarded a trip to Acapulco.

life plans between Pantasote's and the inauguration of the Montgomery Ward plan, even though it was the study arising from the Ward inquiry that showed mass coverages could work and made possible the birth of group insurance in 1911.

William J. Graham, retired vice-president of Equitable, now 83 years old, probably had more to do than anyone else in working out the actuarial formula used in the Ward case. He went on to play a major role in group for many years, becoming known as the "father of group insurance."

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Financed Insurance Is Basis For Warning

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figure because in today's economy that is about a minimum amount of capital that will provide a modicum of family security. He reasoned that this amount can be justified by income rather than offsetting assets, while additional amounts should be justified by other investment assets offsetting any loan.)

5. Lean over backwards to avoid changing existing policies.

6. Satisfy yourself that the buyer understands all the details and special aspects of the insurance and the financing plan.

7. Make every effort to have it reviewed by his attorney or accountant.

8. Be sure that any illustration or sales presentation has been based upon the actual current economic circumstances of the buyer as related to his balance sheet and income tax bracket.

9. Make sure that interest rates and dividend schedules projected in any presentation are realistic, and point out that these elements are subject to fluctuation.

10. Show how variation of income tax brackets, interest rates and policy dividends may have adverse effects on the cost and the general desirability of the plan.

11. Furnish the buyer with an illustration showing the effect of increased borrowing and increasing annual total interest costs, and the effect of these factors on the net protection afforded by the plan and the ultimate cost of that protection.

12. See that all of these cautions, all adverse possibilities, all assumptions and particularly the assumptions used as to the economic circumstances of the buyer (and the fact that he provided them) are set forth in written communications to him so that there can be no reason for misunderstanding.

Where It May Be Prudent

As a partial list of situations where financed insurance may be prudent and justifiable Mr. Casey mentioned (1) wealthy individuals with ample assets but needing liquidity for estate taxes and short of after-tax income to carry insurance; (2) young men on the rise who have high current income and living standards, yet are unable to buy enough insurance out of income to capitalize their earning power—with the proviso that they go into an investment program of setting other assets aside to offset the loan and produce income to offset increasing interest charges; (3) stock retirement and business buy-out situations in which the premium money can best be used in the business and in which the business values are clearly enough to offset and secure the loans; (4) deferred compensation and family security commitments to executives supported by insurance carried by the corporate employer where the cash can be more effectively used in the business; (5) real estate syndications; (6) charitable giving, in which a modified form of bank-loan insurance can cut the donor's cost in half.

Todd Cites Danger

The danger that financed insurance may result in discriminatory legislation against the tax deductibility of interest on policy loans was stressed by Mr. Todd.

"So far, whenever congressional committees have dealt with the subject, they have overwhelmingly re-

jected the idea of passing discriminatory legislation," he said. "Furthermore, so far the internal revenue commissioner's success in the courts has been limited to cases involving annuities where the taxpayer could not show any purpose other than a tax gain. Yet with people high up in the Treasury viewing financed insurance as a loophole, and with pure opportunists in our business creating some cause for a hue and cry by such things as raiding of cash values, or setting up financing plans that are based for their value wholly upon tax savings, it would be folly to think that 'it can't happen here.'

"So what can we do about it? Regardless of where we stand in our views regarding the sale of so-called bank-financed plans, if we are agreed that it would be inimical to the best interests of our policyholders—which means the vast majority of American people—to have life insurance singled out as unsatisfactory collateral—if we are agreed on that premise—then it is pretty important that we bend our every effort to prevent this from happening."

Can Act As Individuals

Mr. Todd said while the Round Table quite properly takes no organizational position on such matters, nevertheless as individuals no group has more prestige in life insurance than MDRT members. Therefore what members do as individuals and within the various other organizations they belong to is of vital importance.

"For example, as individuals, let us not be responsible for making proposals that will not pass the 'smell test'—proposals so close to the line that they may give the commissioner some case to take to the courts," he said.

"Furthermore, let us not foul the nest by trying to persuade satisfied policyholders to sacrifice the security of their current cash values for theoretical profits in the market which few of them will have the knowledge, the luck or the courage actually to pursue.

"Then, too, as individuals, let us lend the strength of our conviction to the organizational entities that do have the function of guarding our interests. For example, the National Assn. of Life Underwriters should most certainly know that we want the association to oppose vigorously any discriminatory legislation against life insurance, if such should get as far as to be proposed for congressional action."

Messrs. Casey and Todd made their recommendations about financed insurance at a workshop session that also covered capital transfer insurance, life insurance trusts, and how to combine insurance with tax savings possible through charitable giving. Paul W. Cook, Mutual Benefit Life, Chicago, a past chairman of the MDRT, was moderator.

Nebraska Health Agents Choose Haney President

Terry Haney, Mutual of Omaha, has been elected president of Nebraska Assn. of Health Underwriters. Other officers are Donald Byington, Lincoln National, 1st vice-president; Harold J. Joyner, United Benefit Life, 2nd vice-president; and Milford L. Bolas, Business Men's Assurance, secretary-treasurer.



INTERNATIONAL GATHERING in the office of Joseph H. Reynolds, manager in the personal health department of John Hancock, left. Six of the 43 members of the department are relative newcomers to the United States and they are, from left, after Mr. Reynolds, Nina Emelianoff, of Russian descent, born in France, lately of French Morocco; Renate Schneider, Berlin; Kathleen Brennan and Ann Doran, Ireland; Krishan Bahadur, India, and Gertruida Ley, Holland. Although concentrated in this department, the group represents a small percentage of a large international set employed by John Hancock.

Department Functions Told At Ill. A&S Forum

Functions of the Illinois department were described by Chief Counsel Robert S. Diehl at the June meeting of Illinois A&S Underwriters Forum at Chicago.

Much of his talk was devoted to the department's handling of claim complaints, and he emphasized that the department has no authority to compel any company to pay a claim. A more adequate exploration of what is and isn't covered in policies would obviate many complaints, he said, and this is up to the producer.

San Antonio Managers Elect Herbert President

Maxwell M. Herbert, Texas Life, has been elected president of San Antonio Life Managers Club, succeeding Earl D. Twyman, Aetna Life.

Other new officers are Barney T. Matteson, State Mutual Life, vice-president, and R. W. Jackson, Lincoln National Life, secretary-treasurer.

Postal Life's Michaels agency at Philadelphia has set a company record for first-year agency production with total ordinary volume of more than double the existing record.

PUT A PLUS IN YOUR LIFE



EVERY MODERN
SALES TOOL
COMPETITIVE
CONTRACTS
PRODUCTION

SECURITY MUTUAL LIFE Insurance Company of Lincoln, Nebraska

200 North 15th Street

Lincoln, Nebraska

July 1, 1961

Editorial Comment

Distortion For Political Purposes

Rep. Celler of Brooklyn, who is frequently on the prowl to find dragons he can slay, tackled General Motors the other day. The occasion was a hearing on a bill to force automobile manufacturers to get out of the finance and insurance business.

Mr. Celler charged GM with "hiding" from those who buy its cars the fact that the 15% of the premium for credit life insurance written on GM car buyers by Prudential is returned to General Motors by the life insurance company. Charles G. Stradella, chairman of General Motors Acceptance Corp., the GM subsidiary that finances automobile purchases, testified at the hearing that the refunds amounted to \$21 million for the almost 20 years since 1942.

The GM official added that in that period the rates for the credit life coverage have been cut from 75 to 37.5 cents a \$100 and that they are now the lowest in the business.

Testimony by GM and Prudential officials at times in the past—e.g., before insurance commissioners—has indicated that this is one of the best contracts in the credit life field for

the chattel buyer. It is regarded by experts in the credit cover field as one of the least expensive for the consumer, whose indebtedness it insures. One reason for this is the smallness of the refund to the lender, 15%. Most such arrangements call for higher, many call for much higher, refunds.

Mr. Stradella also told the Celler group that his company handles only approximately 18% of all automobile installment business. In fact, he said, GMAC gets only 42% of the credit purchases from GM dealers.

Testimony by a competitor of GM at a hearing a year ago on a similar bill presented almost identical figures for GM. The indication at that time was that all of the automobile manufacturer affiliates put together do less than half of the auto financing. The principal reason for this is that these companies will not pay as large refunds on credit cover and on the financing charges as other lending institution-insurer combinations will pay to dealers to get the business.

More than half the auto financing is done by local lending institutions. We can rely on GM to handle its own defense. But it is disheartening to see the public get such a distorted view of a business and a business transaction that is, comparatively, one of the best in the market place. Whether the "refund" to the lending institution in connection with credit life and A&S is a defensible practice is a question that may be debated in the future. But as long as the practice is universal, it is a shame to see the finger of shame pointed at one of the most responsible (to the public) examples of it.—K.O.F.

Notable Convention

The recent New York City annual convention of International Assn. of Health Underwriters was one of the more notable accomplishments of this organization. It was the first convention the association has held in New York City in 22 years. It was held at the Waldorf-Astoria, one of the city's top hotels, and all hands were well pleased with the program, the entertainment and the arrangements.

An unusual feature was that it was sponsored by three local associations—New York City, Brooklyn and New Jersey. Yet everything was as well coordinated as if a single unit were functioning. The general chairman, Julius L. Ullman, president of W. L. Perrin & Sons, New York City, and all the committee members who had a part in the convention have every reason to feel gratified at the result of their careful planning and hard work.—R.B.M.

Detroit Managers Elect George Fraser President

George C. Fraser, Aetna Life, has been elected president of Detroit Life Agency Management Assn. Other new officers are Walter E. Pattee, Travelers, vice-president; J. Ted Eschels, Washington National, secretary; and John H. McClain, Ohio State Life, treasurer.

Paul M. Klein, the new president of International Assn. of Health Underwriters, is president of Mid-America of Kansas City, a health insurer he helped form in 1958, and he also heads a health and general lines agency there. His insurance career began in automobile underwriting with Hartford Accident in 1937, and in 1940 he went

with Employers Re, rising to assistant A&S manager. Following service in World War II, he went into field work. Mr. Klein is a past president of Kansas City Health Underwriters Assn. and a director of Kansas City Assn. of Insurance Agents. He has been on the board of IAHU five years.

Walter L. Rugland, president of Aid Association for Lutherans and of National Fraternal Congress, was awarded an honorary doctor of laws degree from Luther College, Decorah, Ia., at commencement exercises. He was graduated from the school in 1929.

H. Bruce Palmer, president of Mutual Benefit Life, has been elected a member of the U. S. Chamber of Commerce nominating committee. He represents the chamber's district II.

President Benjamin N. Woodson of American General Life, Mrs. Woodson and their daughter Mary are on a trip around the world, from which they will return to Houston Aug. 5. The trip is a graduation gift to Mary, who finished with honors at Rice Institute in Houston in June. "I have been freely admitting hereabouts that giving her a round-the-world trip for a gift, which necessitates that both her parents accompany her, is about the same as giving an electric train to a one-year-old son," Mr. Woodson comments.

R. McAllister Lloyd, chairman of Teachers Insurance & Annuity Assn. and College Retirement Equities Fund, has been awarded an honorary doctor of laws degree by Juniata College, Huntingdon, Pa.

John A. Llewelyn, assistant vice-president in Occidental Life of California's group sales and service division, has been elected Los Angeles

Personals



Paul M. Klein

chapter commander of the Military Order of the World Wars, national organization of officers of U. S. military forces who had commissioned service in World War I or II or the Korean conflict.

Ann Renzland, sales research consultant of Equitable Society, has been reelected president of the personnel administrators of New York University's graduate school of business administration.

Louis R. Menagh, president of Prudential, has been elected director of Fidelity Union Trust Co. of Newark.

Deaths

ROBERT CECIL, 52, president Continental Life & Accident of Boise, and his wife, Susan, were killed in an automobile accident while enroute to San Francisco. Mr. Cecil has been president of Continental L&A. since 1958 and prior to that had been with West Coast Life for 26 years.

FRANK W. NEEDLE, 71, former general agent of Monarch Life at East St. Louis, Ill., died. He retired as general agent in 1955 after 35 years in life sales.

HERMAN DUVAL, Northwestern Mutual agent in New York City, whose

death at age 81 was reported in last week's issue, was the subject of a Northwestern Mutual advertisement in national magazines about a year ago. It was illustrated with a photo graph by Karsh of Ottawa, from which the cut accompanying this item was made. Herman Duval

The advertisement was headed "Four generations have felt the gracious impact of his help." As the time of Mr. Duval's 50th anniversary as a Northwestern Mutual agent, Edmund Fitzgerald, who was then president, said: "What a monument Herman Duval has built for himself, and what benefits flow from it for men, women and children for many long years ahead."

Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, June 27, 1961

	\$	\$
Aetna Life	116	118
American General	60 1/2	63
Beneficial Standard	29 1/2	30 1/2
Business Men's Assurance	68	70
Cal-Western States	76	78
Commonwealth Life	39	40
Connecticut General	225	228
Continental Assurance	159	163
Franklin Life	126 1/2	128
Great Southern Life	90	94
Gulf Life	27	28
Jefferson Standard	62 1/2	64
Liberty National Life	68	70
Life & Casualty	22	23
Life of Virginia	86 1/2	88
Lincoln National Life	125	127
National L. & A.	170	176
North American, Ill.	18 1/2	19 1/2
Ohio State Life	54	57
Old Line Life	68	Bid
Old Republic Life	19 1/2	20 1/2
Republic National Life	68	71
Southland Life	102	108
Southwestern Life	91	94
Travelers	118	120
United, Ill.	55	56 1/2
U. S. Life	69	71
Washington National	71	74
Wisconsin National Life	36	38 1/2

July 1, 1961

30,000-Plus Deaths Claims

Institute warned that persons in the accidents can put during the 1961

The institute's recent trends in true this year may take the persons during September—two out of every will be caused by and highways non-vehicular.

The institute's insurance costs than \$100 rising from

Holgar J. J. institute, said never compete suffering that sent. And that not a single really has to more caution reverse the reduce this u man life. W safest summer

According to the second most this summer or highway be killed by home, about accidental falls.

Accidental outdoors, at home—may 6,000 lives more than traffic deaths normal 8% higher than during One of the st accidents on 60% of all June and S drownings w 3,000 lives among persons.

In addition deaths happen Over 800 per such accidents drowning small craft, falls on board about 10 or other machines.

Probably in aircraft a third of them

Well over bicyclists make

Over 600 deaths in half of these at home—for practice or cleaned.

Probably killed by b and other v sects, or by involving an die from su and close to and exposure killed by lig

THE NATIONAL UNDERWRITER

The National Weekly Newspaper
of Life and A&S Insurance



Published by
The National Underwriter Co.

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SUBSCRIPTIONS: 420 E. Fourth St., Cincinnati 2. \$7.50 per year (3 years, \$20); Canada \$8.50 per year (3 years, \$23); Foreign \$9 per year (3 years, \$24.50). 30 cents per copy, back copies 50 cents. CHANGE OF ADDRESS: Enclose mailing wrapper and Post Office form 3379 with new address, and allow three weeks for completion of the change.

30,000-Plus Summer Deaths Predicted, Claims \$100 Million

Institute of Life Insurance has warned that between 30,000 and 35,000 persons in the United States may die in accidents this summer unless Americans put more emphasis on safety during the 1961 vacation season.

The institute predicts that, if recent trends in summer accidents hold true this year, traffic accidents alone may take the lives of about 13,000 persons during June, July, August and September—which means that about two out of every five accidental deaths will be caused on the nation's streets and highways. Three out of five fatalities will be due to a wide variety of non-vehicular accidents.

The institute estimates that life insurance companies may pay more than \$100 million in death claims arising from these summer accidents.

Holgar J. Johnson, president of the institute, said, however, "Dollars can never compensate for the grief and suffering that these statistics represent. And the worst tragedy of all is that not a single one of these deaths really has to happen. With a little more caution and foresight, we could reverse the statistics and drastically reduce this unnecessary waste of human life. We could make this the safest summer on record."

According to the institute, home is the second most dangerous place to be this summer—second only to the street or highway. About 8,000 persons may be killed by accidents occurring at home, about one-third of them by accidental falls.

Accidental Falls Come Second

Accidental falls of all types—indoors, outdoors, at home and away from home—may take a total of nearly 6,000 lives during the summer, or more than any other type of non-traffic accident. Total accidental deaths normally run between 4% and 8% higher during the summer months than during other seasons of the year. One of the steepest rises occurs in fatal accidents on or in the water. About 60% of all drownings occur between June and September. This summer, drownings will likely take well over 3,000 lives—more than half of them among persons under 20 years old.

In addition, about half of all boating deaths happen during the summer. Over 800 persons are expected to die in such accidents, including about 700 drownings caused by the capsizing of small craft, 10 or 20 due to accidental falls on boat ladders and decks and about 10 or so due to explosions or other machinery accidents.

Probably about 500 persons will die in aircraft accidents, as many as one-third of them in small, private planes.

Well over 200 motorcyclists and 150 bicyclists may be killed.

Over 600 persons may meet their deaths in hunting accidents or other accidents involving firearms. Nearly half of these tragedies will likely occur at home—for example, during target practice or while guns are being cleaned.

Probably 100 or more persons will be killed by bites and stings of snakes and other venomous animals and insects, or by other types of accidents involving animals. More than 100 may die from sunstroke or excessive heat, and close to 100 from hunger, thirst and exposure. Perhaps about 50 will be killed by lightning.

Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Beard of Trade Building, Chicago

An intriguing question for followers of the 1961 bull market: How well have the investors fared who bought life stocks at their 1955 highs? The following list gives approximate high prices of 1955 (adjusted for stock dividends and splits), the low point for 1956-1960 and prices as of June 21, 1961.

	1955 High	1955-60 Low	June 21, 1961
Aetna Life	110	58	116
B.M.A.	29	19	69
Commonwealth	17	11	39
Conn General	155	110	224
Cont. Assur.	101	37	157
Franklin	61	44	127
Gulf	33	18	29
Kansas City	2000	1015	1925
Life of Va.	72	40	86
Lincoln Natl.	109	60	126
Natl. L.&A.	90	66	173
Southwestern	51	34	90
Travelers	115	62	119

Now in general very little stock was traded at the high point of 1955. There was a blow-off in the market in July of that year. As the quotations jumped traders that were short tended to buy stock to cover their losses and some of the highs were established by this type of transaction. It is interesting that even at that exalted level buyers of most issues would have done no worse than to break even after waiting six years while investors in a number of the stocks would have done very well indeed. In general a life insurance investor who anticipates a 10% annual appreciation over a long period will probably not be disappointed. There are periods of disenchantment and of sluggish markets, so that for any particular period of a year or so he may not enjoy such an advance. But then the life stocks will get into style and be rediscovered, as they have been for the past six month span and there is a radical upturn. Several of the issues in this list reacted as severely as 50% during the period when life stocks were out of style and the prophets were removing the "growth" label from them.

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Currently the market for insurance stocks is quiet. Some of the life stocks have retreated a trifle from their recent peaks, but without evidence of liquidation or pressure. The fire-casualty issues are a trifle lower. Mass. Protective moved up 5 points to 105. Washington National proposes a 25% stock dividend and the stock which had been entirely on the bid side developed a market of 71-74. Southland Life was much in demand and sold as high as 114.

Fitch Publishing Co. had a favorable word on life insurance stocks and mentioned specifically Aetna Life, Lincoln National, Travelers, Transamerica and American National. The last named perked up after recent backwardness and again attained the 12 level.

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Insurance Securities Trust Fund of San Francisco has published a 10-year market performance study of selected fire-casualty stocks. The appreciation for that span was 233%, the yield at market was 4% at Jan. 2, 1951, and 3.2 at Dec. 30, 1960. The current dividend income as percentage of original investment is 10.5. Percentagewise those showing the greatest market appreciation are: Continental Casualty 986.4%, General Reinsurance 817, American General (with a preponderant life insurance value) 591.7; American Motorists 511; Gulf 385.7; American Re-Insurance 366.5; Employers Reinsurance 365.3; Seaboard Surety 357.2; Insurance Company of North America 338.4; Republic 333; U.S. F. & G. 315.2 and Pacific Indemnity 308.6.

Midwestern United Life of Fort Wayne has had a sharp advance lately based on a memorandum from J. H. Goddard & Co., Boston, which does extensive mailing. It has had a steep runup from 32 to 47. Those on the search for another Chas. E. Becker and Franklin Life are taking the measure of Phil J. Schwanz, president of Midwestern United.

Wellington Fund eliminated its holdings of 43,751 shares of U. S. Life and 33,220 shares of Federal Ins.

Western States HO Underwriters Club Holds Its Annual

SACRAMENTO, Cal.—Eighty-six members and guests of Home Office Underwriters Club of the Western States attended the annual meeting.

William H. Lane Jr., underwriting secretary West Coast Life, was elected president. He succeeds Jonas Svendsen, Metropolitan Life. Other officers elected were Dale V. McDaniel, Northern Life, vice-president, and John N. Forsyth, California-Western States, secretary.

Guests at the meeting included medical directors, officers of life compa-

nies, representatives from inspection and reinsurance companies, and from Actuarial Club of the Pacific States.

The business sessions included papers on the following topics: "Controversy in Underwriting," John W. Barch, Lincoln National Life; "Higher Non-Medical Limits Results" Virgil Cottle, Republic National Life; "Underwriting Communication: Field and Home Office," J. E. Riley, Northwestern Life; "Home Office Records vs Cost," J. Thomas Dillhoff, Farmers New World Life; "Guaranteed Insurability Option," Don Thomas, Cal-Farm Life; "Conservation of Life and A&S," P. J. Vignale, Occidental of California, and "Guaranteed Renewable Hospital and Major Medical Trends," Keith Malone, Olympic National Life.

Disagrees With View That Life Agent Is Not An Underwriter

John Heuft, life underwriting director of American Family Life of Madison Wis., writes:

At the risk of appearing to debate with a noted life insurance authority, I would like to make some comments about Mr. Joseph B. MacLean's remarks which appeared in the June 10 issue of THE NATIONAL UNDERWRITER.

He made some observations about an editorial which appeared in THE NATIONAL UNDERWRITER on May 27 and which defended as proper the designation "life underwriter" for the agent in the field. Among other things, he said, "The duty of the agent is to sell and service as much life insurance as he can. He has nothing to do with underwriting."

If this thought stands unchallenged, many fine field underwriters will gain the impression that their selection efforts are not appreciated by their home offices, and the poor-grade agent could use it as another excuse for doing a poor job of selecting applicants. Underwriting or risk selection begins with the agent originating the application. I am sure many home office selection officers would agree that the field underwriter has an impact on mortality results. His influence is felt in selection of applicants, selection of information appearing on the app and, in some instances, selection of medical sources, such as appointments of local examiners.

When the field underwriter's efforts are expended in the right direction, getting the correct picture of the risk to the home office underwriter, we can expect good mortality results. If he shades the picture, and sometimes it isn't too hard to do, there is an adverse effect.

My own viewpoint may be biased because, in addition to 12 years in home office risk selection, I spent four years in home office agency work. Before my agency experience, I operated with the smug belief I was the guardian of the company funds. But, today I underwrite with the feeling I am just one cog in the selection machinery, and I know my company will have good results from business submitted by good field underwriters.

COMMENT BY EDITOR

(Editor's note: We did not intend to defend as "proper" the use of "life underwriter" for the agent in the field. The editorial said that "of all possible alternatives to 'agent' in the life field, probably 'life underwriter' is the least objectionable." But that's a long way from calling it "proper." There may be a slight degree of risk-selection involved in a conscientious agent's work, but it is so minor compared to his real job of selling that to use it as a basis for calling him an "underwriter" is about as logical as calling him a "medical examiner" because he is supposed to submit only healthy risks and not deliver a policy [unless prepaid] if the buyer is not in good health. Whatever logic or propriety there is in calling an agent a "life underwriter" depends not on his risk-selection role but on the undisputed fact that the term is so entrenched in the industry's language that it is impracticable to try to uproot it.)

Kentucky Central Life & Accident has been admitted to Georgia and South Carolina, and is now doing business in 14 states.

WANT ADS

Rates—\$22 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER—LIFE EDITION

LIFE SALES MANAGER

Do you want a "ground-floor" opportunity as the guiding sales light of a new Midwest life company, part of an established multiple line group? Can you hire, train and lead men in administering entire life sales operation? Are you age 35 to 45, college degree, experienced in life sales, training, administration and working with brokers? If "yes", then show your ability to pursue an outstanding opportunity by writing today to American Union Life Insurance Company, 303 E. Washington Street, Bloomington, Illinois.

MID-WEST AGENCY OPPORTUNITY

... for qualified man with supervisory experience to manage established Life agency of progressive eastern company. Includes all lines of Life, Health and Group coverage. Unique financing and training program for agents. If you have field and supervisory experience and believe you are ready for your own agency, write giving complete resume of your background. Your reply will be kept in strict confidence. Reply to Y-74, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

OPPORTUNITY ON HOME OFFICE SALES DEPT. STAFF

If you have a record of success in personal production and agency management and are now interested in moving into Home Office sales activities—this may well be the opportunity you have been hoping would arise.

A major middle-western company, doing business on a national basis, seeks a man who has a record to justify his consideration for agency department work in directing the activities of a group of agencies and the desire to prove himself capable in this area—working with an outstanding Home Office sales organization and the full backing of modern training, promotion and advertising materials and methods. If you believe you are that man, send a really meaningful resume of your activities and objectives and an indication of your expected compensation. This will be given careful consideration and, if you appear to offer the potential we seek, interview arrangements will be made at a convenient time and place.

Since we market employee benefit programs, you can be certain that a desirable package of such benefits is a part of this opportunity. To secure consideration of your qualifications, be sure you provide complete information and send it to: Z-30, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

"FIELD SALES EXPANSION"

Manager

Three year old company, with ample financial base plus strong sales position, plans to expand operations into a national organization. Will require executive to spearhead effort. Duties will entail assisting in planning over-all marketing strategy and assembling the field organization to accomplish objectives.

Will require establishing headquarters in Home Office city in Midwest. Ages 30 to 45. Send resume to Z-19, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANT ADS

ILI Reports On Gain In Life Insurance Salary Savings Plan

Nearly 22,000 employers in the United States were making available a life insurance salary savings plan to more than 730,000 employees and their dependents at the start of 1961, according to Institute of Life Insurance. This group method of providing ordinary insurance was established in over 2,000 plants and offices last year.

Great Opportunity

"Salary savings could be the next major marketing feature in life insurance with concentration on the large, middle income group," said the institute. "Currently with 25 million families having incomes between \$4,000 and \$10,000, there is great opportunity for a plan that permits a convenient, budgeted means of paying for life insurance."

The average policy purchased under salary savings plans is between \$5,000 and \$10,000 or about equal to one

ACTUARIES

A dynamic, rapidly expanding insurance group writing Life and Accident and Health insurance nationally, has openings for:

A & H ACTUARY

Require at least Associateship standing in the Society of actuaries with practical experience in the Accident & Health field.

ACTUARIAL STUDENT

Require successful completion of at least parts 2 and 3 of the actuarial exam.

These positions offer job satisfaction, personal growth, challenging opportunity, and very attractive salaries. Send complete resume of background, salary requirement, and experience to—Y-91, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

All replies will be acknowledged and held confidential. Our employees have been informed of this ad.

ACTUARIAL OPPORTUNITY

In the insurance center of the nation to direct all actuarial work, except administration of fire and casualty rating laws, and to act as technical advisor to the State Insurance Commissioner on actuarial and related problems. This challenging position offers an exceptional opportunity for service, satisfaction and individual development.

Must be a fellow in the Society of Actuaries, OR have graduation from college plus 6 years' employment of a responsible and technical nature in actuarial work OR have 10 years' of such employment. Salary Range \$10,000-\$12,360 yr.

Send Resume to Robert G. Mack, Chief of Recruitment, State Personnel Department, State Office Building, Hartford, Connecticut.

MANAGER DATA PROCESSING

A medium size Mid-West company has an opening for a young man, skilled in IBM accounting, to coordinate all machine accounting activities. This position will include training for an electronic approach.

This is an exceptional opportunity for an alert, intelligent, congenial young man to grow with one of the most progressive and most financially sound insurance companies in the country.

Position offers good salary potential and excellent employee benefits. Relocation expenses paid.

If interested, submit a resume complete with recent photo to Z-5, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois. Inquiries held strictly confidential.

A position is available in the Group Actuarial Department (Accident and Health Division) of Nationwide Insurance in Columbus, Ohio. A Fellow, or an Associate who is completing his examinations is preferred. Your request for further information will be respected in confidence. Correspond with Forest Lombaer, Vice President, Personnel, 246 N. High St., Columbus, Ohio.

LIFE UNDERWRITER

Large life company located in Southwest has opening for life underwriter with five to ten years experience. Excellent opportunity for the right man.

Salary open.

Write, giving details on education, experience, including present underwriting limits and salary requirements. Address reply to Y-78, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED LIFE and/or A&H Co.

Our life insurance company is interested in acquiring directly or through merger another life and/or accident & health company (either stock or mutual company). Merger would be with old established, medium-sized company doing business in over 30 states. All replies will be held in strictest confidence. Write to Z-28, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

LIFE & A&H UNDERWRITER

Rapidly growing midwestern company has opening for experienced Life and A&H Underwriter to head underwriting department. Would supervise 6 to 8 people. Full fringe benefits. Unlimited future potential. Company insurance in force increasing by 50% per year. Salary open. Write giving details on education, experience, including present underwriting limits, and salary requirements. Address Z-15, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

ACTUARY AVAILABLE — Young F.S.A., Extensive experience in employee benefit plans and with life company work. Write to Z-24, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

year's salary. With perhaps 96% of the middle income group eligible for and needing life insurance, the purchases of policies equaling annual salaries suggests a market potential of \$100 billion to \$150 billion.

In about 80% of the plans, employees pay the entire cost of their ordinary life insurance. The employers very often make office space available to employers to train salary savings consultants from the life insurance companies and invite employees to make appointments during business hours to discuss life insurance needs, have their current insurance program reviewed and planned financial security program sequenced up without cost or obligation.

One life company reports that as a result of these interviews one out of three employees purchases life insurance by salary allotment.

John Gray In New Post With Ill. Mid-Continent

John Gray, assistant vice-president and group actuary of United States

Life, has been appointed executive vice-president of Illinois Mid-Continent Life. He will supervise all activities, with the exception of the agency and investment divisions.

He joined U. S. in 1955 as an assistant actuary the unemployed soon after transference, it was ferring to the collective bargaining group division in charge of all group administration functions. From 1950-55 he was with Johnson & Higgins, specializing in employee benefit plans.

He began in insurance with Metropolitan Life after graduation from the University of Iowa, where he majored in actuarial science. He remained in seasonal until joining Johnson & Higgins. He is a fellow of Society of Actuaries.

In May of this year, John Weaver, former executive vice-president of United States Life, resigned this position to become president of Illinois Mid-Continent.

State Department Selects Consolidated Mutual A&S

The State Department's bureau of educational and cultural affairs has chosen Consolidated Mutual to write its group A&S program, beginning July 1.

The plan was devised by Consolidated to fit government specifications and covers foreign students, teachers, trainees, technicians and officials brought to the U.S. or its possessions for training, study or observation. They will be insured for blanket medical expense for both A&S and accidental death or dismemberment. Insured may take advantage of an optional feature and provide the same coverage, at their own expense, for dependents who accompany them.

The coverage is also available to U.S. citizens and their families sent overseas by the State Department under its exchange or training programs.

Offers New Major Medical Plan

A non-cancellable major medical and hospitalization expense policy has been introduced by Jefferson National Life. Guaranteed renewable for life, it provides benefits of \$5,000 or \$10,000 with deductibles ranging from \$300 to \$1,000.

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**CONFIDENTIAL
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Ralph**

30 N. LaSalle

XUM

Mixed Reaction To GHI Plan For A&S On Unemployed

(CONTINUED FROM PAGE 1)

Employers be willing to pay the bill?" Since the GHI plan, unlike other proposals for group health insurance coverage that would continue benefits during periods of unemployment, is voluntary, many insurance spokesmen, while not opposing the proposal outright, are questioning whether group master contract holders would be interested in paying for the extra coverage. They said that there was little question about insurance companies being able to experience-rate the unemployment factor in the proposal for each group contract in force and to establish a fair and reasonable extra premium (GHI has roughly estimated that added premiums for the extra coverage might be in the neighborhood of 8%). But, why would an employer want to assume the extra expense of health insurance coverage on an employee for a time when that employee would no longer be a productive worker for the master contract holder?

Because the plan, as outlined by GHI, would be voluntary, it would be left to each individual master contract holder to decide whether he would want the extra coverage. Self-interest, it follows, would very likely dictate that employers would resist buying the unemployment feature, unless, of course, it was negotiated into a collective bargaining contract with a union. All things considered, the plan would probably die on the vine, insurance spokesmen believe.

Different Unemployment Rates

One factor that would work against the plan would be the varying degree of seasonal unemployment between different industries in the state. Presumably, since each contract would be experience-rated for unemployment, a company with a high record of unemployment, seasonal or otherwise, would not become a burden on others with lower rates of unemployment. Stable businesses, like banks and insurance companies, therefore, would not have to carry part of the bill for, say, contracts written on companies with high seasonal unemployment such as those in the garment industry. But what would very probably happen would be that industries with low unemployment records would see no reason to provide their workers with the added insurance, while those businesses with very high seasonal unemployment would be the only ones purchasing the extended coverage. If the plan is to be truly experience-rated, in some industries cost of the added coverage could very well amount to as much as the primary coverage.

While many insurance people agreed with GHI's contention that, next to the aged, the worst gap in health insurance coverage exists among the unemployed, one association source took

Service Guide

CONFIDENTIAL NEGOTIATIONS FOR

SALE OF INSURANCE COMPANIES

Ralph J. Colton

30 N. LaSalle St. Chicago 2, Ill.

Financial 6-0792

the opposite view. The need for such a program was questioned on the ground that a similar type of coverage is already available to the majority of workers in the state. Although exact figures are not available, a sound educated guess would be that two out of three group health insurance contracts are the result of collective bargaining agreements between employers and labor unions.

Many of these health contracts provide for continuation of coverage during layoffs. What usually happens is that hospital-surgical coverage is automatically continued by the employer for the first month of unemployment, after which the cost of the premium is picked up by the union out of a special fund set aside for that purpose. Since most of the industries with periods of high unemployment are unionized, this source reasoned, there is little, if any, real need for the GHI plan.

Davis Urges MDRT To Take Role In Fight On Replacement

(CONTINUED FROM PAGE 1)

he said, "that our problems are being increased by our own surrender to the easy way. As a first step toward setting our own house in order, I suggest that all of us—home office and field men alike—dedicate ourselves to the solution of the replacement problem. We shall each need to work in our own way. It is a problem that cannot be solved by agreement. It must be solved by individual action based upon deep conviction that the job needs doing.

"If I read the signs correctly, the sentiment to demand a solution to this problem is gaining rapid momentum among home office people. We need your help and support, and you cannot afford to withhold it."

Mr. Davis mentioned the recommendation of the recently appointed joint committee on field relations, made up of home office and field men, that the National Assn. of Insurance Commissioners issue a strong statement warning that it is seldom in the policyholder's interest to replace a policy and suggesting ways and means to get impartial help to decide whether a suggested replacement is in the policyholder's interest.

Burden On Agent

"We are rapidly moving toward a climate where one who replaces will find himself with the burden of proof to sustain both the ethics and the legality of his action," said Mr. Davis. "In this new climate, the agent will have to make absolutely sure that the new policy is not only better but demonstrably better than the old."

"Usually he won't be able to be so sure that the new policy is better than the old, in which case he will find it unprofitable to recommend replacement. Agents will not wish to spend all their time defending their past actions. And those who do may well find themselves, eventually, without a company connection."

"In this new climate, even if the prospect brings up the idea of replacement, the agent will still not be home free, for more and more good companies will look with a jaundiced eye on the claim that 'it wasn't my idea at all—the client suggested the replacement—I had nothing to do with it.' It is my earnest hope that your great organization will place itself squarely behind all legitimate efforts to cure this replacement problem—and fast."

Seek Industry Backing For Group A&S On Unemployed

(CONTINUED FROM PAGE 1)

groups the opportunity to add to their group health contracts coverage on workers while they were unemployed. Coverage would be as broad as they had while employed, and would remain in effect as long as a worker was entitled to receive state unemployment or disability benefits, in other words a maximum of 39 weeks under present law.

Premiums would be paid while a worker was employed and would cease during periods of unemployment, when the company or worker would be least able to afford them. As estimated by Arthur H. Harlow Jr., president of GHI, during the press conference, the coverage would cost either the employer, worker, or both, an added average premium of 8%. Mr. Harlow, however, pointed out that the extra premium rate would vary considerably, depending upon the unemployment experience of each plan.

Calling the plight of the unemployed "the worst gap in coverage next to that of the aged," Mr. Harlow said, "If something like this had been done eight years ago for the aged, the political situation in Washington would be different today."

Mr. Harlow stated that GHI was proposing that all companies join in pushing the plan because his organization is not equipped to handle a program of such magnitude on its own. It is one that would require the cooperation of all insurers in the state.

The state government, he said, would be included in the plan in the form of a pooled fund administered by the insurance department, which would come into operation to provide a cushion during periods of high unemployment when claims of unemployed workers substantially exceeded premiums. Mr. Harlow said that the plan calls for the placement of a state-approved percentage of group premiums in the fund. The exact percentage would have to be determined later, but for want of a more authoritative figure, he estimated that 1 1/4% would be sufficient to begin with.

"The GHI plan is voluntary," Mr. Harlow stressed. "All previous legislative proposals to provide insurance for the unemployed have called for mandatory coverage, with premiums being collected by increased taxes. A complicating factor has probably been the fear of insurance companies that they might be exposed to a period of drastic cyclical unemployment—they still remember 1929. However, the GHI proposal has taken into account even this drastic possibility."

Mr. Harlow pointed out that only experience could show how much of a need there is for the state's participation, noting that it is a new plan and that broad health coverage of the unemployed has not been tried in the past. It may happen that there is no need for financial assistance from the state. If that is the case, a useful form of coverage would have come into being at no cost to the taxpayers. On the other hand, there might be claims against the state fund. In that case, the fund would be reimbursed by the insurers in future years.

The plan has the backing of Sen. Metcalf, chairman of the joint legislative committee on health insurance plans. Mr. Harlow said that the Met-

calf committee will hold hearings on the plan before the next meeting of the legislature sometime in the fall and that a bill encompassing the program and setting up the fund would definitely be introduced in the legislature this year.

As Mr. Harlow explained the proposal, coverage would vary from contract to contract, as it does under present group plans written in the state. The only stipulation in this area would be that benefits remain the same for an unemployed worker as they were when he was employed. Companies would set their own eligibility rules. Where GHI intends to permit eligibility for benefits under the added coverage if a person has been employed by a firm only one week, other companies might require workers to be employed a month, three months, a year.

The determination of whether a person is unemployed would be based on whether he was drawing unemployment or disability benefits. If he were not eligible for either state benefits, he would not be covered by the extended health insurance plan. For example, since workers on strike are not eligible for unemployment benefits until they have been out of work for seven weeks, strikers would not be eligible for health benefits during this same seven-week gap.

If a master contract covers a worker for his first month of unemployment, the GHI plan provides that the new coverage would not become effective until the primary coverage on the master plan expired.

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